

# Spanish Development Cooperation: Right on Track or Missing the Mark?



Stefan Meyer

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Working Paper / Documento de trabajo  
July 2007

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# Spanish Development Cooperation: Right on Track or Missing the Mark?

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July 2007

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Spanish development cooperation has undergone rapid reform. Based on the 2004 Government plans, this report documents the results three years later.



Comunidad de Madrid

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	<b>Development financing:</b> Spain has increased its funding significantly and redirected some spending towards multilaterals and social sectors.
	<b>Analytical capacities:</b> A policy division has been created within the Ministry of Cooperation. More emphasis is being put on evaluation and research. Outcomes are awaited.
	<b>Planning:</b> A comprehensive set of planning tools has been developed. Greater transparency in goals has been achieved, and should be followed by improving delivery structures and evaluation practices.
	<b>Domestic actors – Consensus and engagement:</b> Relations with civil society have improved significantly. A more open style of consultation would increase the quality of public debate.
	<b>Coherence:</b> Coherence in development is on the agenda, and more information is available. However, leverage of development concerns in general government policy needs better institutional anchorage.
	<b>Multilateralism:</b> Funding to multilaterals is increasing sharply. A more strategic approach towards engaging with multilaterals is needed.
	<b>Debt:</b> Debt management has been exposed to developmental criteria. A comprehensive reform of Development Credits (FAD) is still outstanding.
	<b>Humanitarian Action:</b> Although funding has increased, institutional structure awaits reform. No comprehensive strategy aimed at achieving better quality in humanitarian action has been presented. A clearer separation between humanitarian and political objectives and players is required.
	<b>Immigration:</b> Spain has taken on a leadership role in linking migration with development, called 'co-desarrollo'. But the urge to control migration still threatens to put pressure on development cooperation.
	<b>Institutional reform:</b> Having focused mainly on drafting plans, the burning issue – reform of the delivery structure, most notably the agency – has been delayed.
	<b>Division of labour:</b> Aid effectiveness has to go beyond harmonization. Individual donors have to focus on what they do best, and do more by concentrating their activities. Europe has to act as one by dividing its labour.

All of the documents cited are available in the electronic version of this report which can be found at [www.foroaod.org](http://www.foroaod.org)

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# Abbreviations

<b>AECI</b>	Agencia Española de Cooperación Internacional
<b>AU</b>	African Union
<b>APRM</b>	African Peer Review Mechanism
<b>CCAA</b>	Comunidades Autónomas (Autonomous regions)
<b>CE</b>	Comisión Europea / European Commission
<b>CeALCI</b>	Centro de Estudios para América Latina y la Cooperación Internacional
<b>CONCORD</b>	European NGO Confederation For Relief and Development
<b>CONGDE</b>	Coordinadora de Organizaciones no Gubernamentales de Desarrollo Española / Coordinating Body of Spanish Development NGOs
<b>CSP</b>	Country strategy papers, see Spanish: DEP or PAE
<b>DEP</b>	Country Strategy Paper – Documento de Estrategia de País (for priority countries)
<b>DfID</b>	Department for International Development (UK)
<b>DGPOLDE</b>	Dirección General de Planificación y Evaluación de Políticas para el Desarrollo / General Directorate for the Planning and Evaluation of Development Policies
<b>DoL</b>	Division of labour
<b>EU</b>	European Union
<b>FAD</b>	Fondo de Ayuda al Desarrollo / Development Assistance Fund
<b>FAO</b>	Food and Agriculture Organization of the United Nations / Organización de Naciones Unidas para la Agricultura y la Alimentación
<b>FCM</b>	Fondo de Concesión de Microcréditos
<b>FEMP</b>	Federación española de los Municipios y Provincias / Spanish Federation of Municipalities and Provinces
<b>FfD</b>	Financing for Development (UN office)
<b>FRIDE</b>	Fundación para las Relaciones Internacionales y el Diálogo Exterior
<b>GDP</b>	Gross Domestic Product
<b>HEGOA</b>	Nazioarteko Lankidetzeta eta Garapenari Buruzko Ikasketa Institutua / Instituto de Estudios sobre Desarrollo y Cooperación Internacional / Research centre for Development and International Cooperation - Vitoria-Gasteiz / Bilbao
<b>ICEI</b>	Instituto Complutense de Estudios Internacionales, Madrid
<b>IDR</b>	Instituto de Desarrollo Regional / Seville
<b>IFI</b>	International Financial Institutions
<b>MAEC</b>	Ministerio de Asuntos Exteriores y de Cooperación / Ministry of Foreign Affairs and Development Cooperation
<b>MDG</b>	Millennium Development Goals
<b>MOPAN</b>	Multilateral Organisations Performance Assessment Network
<b>NEPAD</b>	New Partnership for Africa's Development
<b>NGO</b>	Non-Governmental Organization
<b>ODA</b>	Official Development Aid
<b>OECD/DAC</b>	Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD)
<b>OTC</b>	Oficina Técnica de Cooperación / Country Office
<b>PACI</b>	Plan Anual de Cooperación Internacional / Annual Development Cooperation Plan
<b>PAE</b>	País de atención especial – Country under special attention
<b>PSOE</b>	Partido Socialista Obrero Español / Spanish Socialist Workers Party
<b>SECI</b>	Secretary of State for International Cooperation – Secretaría de Estado para la Cooperación Internacional
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>UNICEF</b>	United Nations Children's Fund
<b>UNFPA</b>	United Nations Population Fund

# Foreword Intro



This final report attempts to capture the main achievements and pending tasks of Spanish development cooperation. It aims to make them accessible for public debate.

In April 2006, FRIDE launched a project to look into the new Spanish Development Cooperation policy, comparing the pledges contained in the government's 2004 declaration with actual achievements made by 2006. A consultative format was chosen, using an Internet-based forum. The consultative process involved a triangle of contributions from public officials, civil society and academic experts, all of whom entered into the discussion in a search for the best solutions. More than 42 documents were generated covering 13 themes with the ample involvement of the Secretary of State for Development Cooperation, members of the academic community and civil society. In December 2006, six videos were produced. A webpage, [www.foroaod.org](http://www.foroaod.org), assembles all the documents produced and documents the discussion process.

This report has one overriding ambition to foster debate by making public policies as transparent as possible. This final document attempts to summarize some of the main findings from the discussion process. It does not necessarily contribute new analyses. Such have already been prepared for a number of sectors or policy areas by other academic, public, and non-governmental representatives. Instead, this paper – together with the website – aims to describe the main changes, principal achievements, and pending tasks within Spanish Development cooperation, in a global context. We want to make such information easily accessible for a wider audience. We have, for that reason, tried to quote as many reports as possible and provide links to them on the website.



Spain has declared development policy as part of its long-term, soft power approach towards international relations.

Development Cooperation has become one of the main pillars of the new Spanish foreign policy. PSOE's electoral programme of 2004 assigned priority to development policy. When asked about his main foreign policy concerns in 2006, Prime Minister José Luis Rodríguez Zapatero cited the increase in development finance as one of them. Miguel Ángel Moratinos, the first foreign minister in Spain also to bear the title of Development Minister, stresses that he wants to be judged on his capacities to deliver on the promise of poverty reduction. Leire Pajín, State Secretary for Development Cooperation, has become the public face of this commitment, reiterating that not only is the quantity of aid the concern, but also the durability of aid institutions and solid instruments.<sup>1</sup>

Without caveats, the long-term vision of reducing poverty through the use of development instruments has become an explicit objective of the current Spanish government. It has also made a U-turn as regards the declared aims of its development policies. In contrast to the former government, which used development cooperation to promote economic interests (through tied aid), accompanied by a narrow understanding of cultural heritage or a neo-conservative political agenda, the current government is working to integrate

<sup>1</sup> El País 15/01/2007 Entrevista con el presidente del Gobierno José Luis Rodríguez Zapatero: "Para mí, eso [duplicar la ayuda al desarrollo] forma parte de una prioridad de la política exterior. (...) Para mí, el que España sea dentro de poco el país que más va a avanzar en menos tiempo en el camino de ser un gran donante de la ayuda al desarrollo tiene un altísimo valor ético." Moratinos en diario de sesiones 11 marzo 2007, No 788 "sé que mi gestión será juzgada en relación con este nuevo imperativo moral y político [la reducción de pobreza], que es una de las señas de identidad de nuestro país."

Leire Pajín en la Comisión Internacional de Desarrollo diario de sesiones 19 marzo 2007, No 808 "La meta no es alcanzar el 0,5 de la AOD a cualquier precio, sino hacerlo de una manera que permita garantizar la sostenibilidad y calidad del compromiso solidario de España, calidad reclamada por la sociedad que trabaja en la cooperación."

development cooperation within multilateral frameworks, be they European or of the UN.<sup>2</sup> The Master Plan 2005-08 affirms this political ambition in various ways, such as in alignment with human rights frameworks, MDGs, Good Humanitarian Donorship, and aid effectiveness measures. The Annual Plans reiterate these normative linkages. The aid volume has increased, and further increases have been announced. On the domestic front, in place of confrontational deadlock, consensus with interested civil society and academia has been sought.

In that respect, one could argue this change represents the “normalization” of Spanish development cooperation: in development policy, Spain, an ugly duckling for some time, has returned to the international fold. “Effective multilateralism” is starting to be translated from an aspiration into practice, as development policies are aligned with internationally agreed standards and funding to and cooperation with UN agencies increases. Spain has pledged to reach the 0.7 percent goal of aid as a percentage of GDP in 2012, three years earlier than the international commitment. And it is one of the only countries that gives a detailed roadmap to reach this objective. On this basis, Kemal Dervis, administrator of the UN Development Programme, has applauded “spectacular progress” in the Spanish development cooperation system.<sup>3</sup>

The analysis below will enter into the details, in order to assess how action has followed on from these declarations. One of the most important questions is whether the institutional conditions are being prepared to deliver on the promises, i.e. whether financial means are being managed in an effective way that fits in with the dynamics of international development cooperation system. If not, the political will, as important as it is, will not produce any impact for the world’s poor, even if the commitment to a long-term vision of poverty

reduction as part of global governance remains a necessary precondition for progress.

High level interest in issues of international cooperation might, however, have a problematic side. There have been a number of landmark initiatives promoted by the Government of Spain, namely by Prime Minister Zapatero or Deputy Prime Minister María Teresa Fernández de la Vega. Amongst these are the “Alliance of Civilizations”, “Spanish and African Women’s Network for a Better World”, the “International Initiative against Hunger and Poverty”, and some initiatives in the context of the Ibero-American Summits. All of them have served once again to emphasise the multilateral stance and soft-power approach of the government.<sup>4</sup> But there are concerns over whether these declarative, partly publicity-oriented initiatives are being translated into effective action. From a technical point of aid effectiveness, development cooperation planners fear interference in their programming by senior politicians intent on satisfying domestic audiences. The Council of Development, the consultative organ of Spanish development cooperation, has reported accordingly: “In order to supervise better policy coherence, all state actors are advised to increase their coordination efforts, so that relevant international initiatives (...) that require development cooperation, are interwoven within the rest of the development policies, are reflected in the Annual Plan, and do not entail any dysfunction in terms of planning.”<sup>5</sup>

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<sup>4</sup> Web-page of Alliance of Civilisations [www.unaoc.org](http://www.unaoc.org) ; The Spanish and African Women’s Network for a Better World [www.mujeresporunmundomejor.org](http://www.mujeresporunmundomejor.org) ; and its Madrid conference <http://www.madrid2007.org/>; Both the “Alliance of Civilisations” and the “Quintet against Hunger” were explicitly contrasted with the former government’s “realist” foreign policy.

<sup>5</sup> Consejo de Cooperación 2006: Informe del Consejo de Cooperación al Desarrollo Sobre el Plan Anual de Cooperación Internacional 2007 (21.12.2006), Madrid [own translation] [Con el objeto de velar por una mayor coherencia de la política de cooperación, se insta a todos los agentes de la administración a que redoblen sus esfuerzos de coordinación, de manera que iniciativas internacionales de la relevancia, (...) que comprometen la acción del Estado en el ámbito de la cooperación, estén imbricadas con el resto de políticas de cooperación, tengan un reflejo en el PACI y no supongan ninguna disfunción respecto al ejercicio de planificación.” ]

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<sup>2</sup> See Jose Antonio Alonso 2005: la cooperación española al final de un ciclo, en: Plataforma 2015 y Más: La palabra empeñada - Los Objetivos 2015 Y La Lucha Contra La Pobreza - Segundo Informe Anual De La Plataforma 2015 Y Más, Madrid 2005 [Catarata].

<sup>3</sup> See [canalsolidario](http://canalsolidario.org/) 10/11/2006 “El Gobierno destaca la reducción de los créditos FAD reembolsables en la ayuda oficial al desarrollo”.

## Setting the context



An international framework for the global governance of development cooperation has emerged. Spain has signed up to the commitments.

Spanish development policy has too often been submerged in overly romantic portraits of the suffering of, for example, Bolivian children or, worse, helpless African refugees. For a clear understanding of the current changes in international development policy, it is essential to recognize the shift in focus from charity-based sentiments towards the analysis of development cooperation *as a system*. Here we enter into a *professional* field that could be dubbed 'development studies' or 'aid management', and is concerned largely with the *institutions* of policy making and aid delivery. The profession itself can no longer ignore the emerging global consensus on development, in which institutions are increasingly integrated into a worldwide mechanism for risk reduction as a central aim of global governance. In this new architecture, bilateral project-based interventions, mainly inspired by the unilateral interest of donor governments, are being replaced by aid flows that are internationally coordinated and led by negotiated criteria. They integrate into the national planning frameworks of recipient countries, recently dubbed "partner countries". Let us have a brief look at this.

Since the era of structural adjustment and the downsizing of the state in the 1980s, a new paradigm for development has emerged. Not only has the state been reassigned the role of regulator, with the job of creating an environment conducive to social development and economic growth; it also stresses policy areas below and above the state. Below the state, citizen participation has been enshrined into new procedural conditionalities, which insist on the people having a voice in policy formulation. Thus the concept of an "aid beneficiary" has been replaced by

that of a "citizen", with certain rights-based entitlements.<sup>6</sup> Above the state, development finance and aid coordination has been synthesised in various international conventions and agreements into a system of global governance of development cooperation. For OECD states, it is becoming more and more difficult to opt out of these frameworks. Over the next few months, a number of events will be held to follow up on the milestones of this new development consensus. Underlying structural changes and core issues in the current aid landscape can be neatly illustrated by each of these high-level events:

1. **Poverty reduction:** On July 7, 2007 the midpoint will be reached in the commitment to eight measurable goals – called the Millennium Development Goals<sup>7</sup>– that were adopted by 189 nations and signed by 147 heads of state and governments in 2000. As a result of the post-Cold War global governance and world summit euphoria, stemming from the 1995 Copenhagen Summit on Social Development and nurtured by a new emerging consensus in the OECD DAC, a timeline was defined up to 2015 to achieve progress in the seven areas of poverty, primary education, gender equity, child mortality, maternal health, disease prevention and environmental sustainability. An eighth goal was added, committing donor countries to responsible behaviour in handling aid, trade and debt. There are three main criticisms of the MDGs. One is that although they are measurable, nobody is ultimately responsible for achieving them. Secondly, if the goal is to halve poverty, what will happen to those who stay poor, the so-called hardcore poor? Thirdly, despite the advantages of being measurable and simple to communicate, soft factors such as governance, dignity, democracy, and

<sup>6</sup> See Naila Kabeer 2005: *Inclusive Citizenship - Meanings and Expressions*, London (Zed); and Andrea Cornwall (ed.) 2006: *Spaces For Change? The Politics of Citizen Participation in New Democratic Arenas*, London (Zed).

<sup>7</sup> UNDP has an excellent portal for the MDGs [www.undp.org/mdgs](http://www.undp.org/mdgs); See the Millennium Development Goals Report 2006.

well-being cannot be captured. However, as a tool to generate awareness and translate a vision into action, the MDGs have proven to be of value.

2. **Development Financing:** In the second half of 2008, Doha will host the follow-up to the Financing for Development (FFD) Conference in Monterrey of 2002.<sup>8</sup> In Monterrey, rich countries and developing nations agreed on a deal on financing the Development Goals. As a first step towards mutual accountability for the achievement of poverty reduction, developing countries agreed to adhere to standards of good governance – such as combating corruption, sound public financial management and investment-friendly business regulations – and strive to raise domestic revenues for poverty reduction. In exchange, rich nations committed themselves to opening their markets to Southern products, and to complying with the 0.7 percent target for official development aid.

3. **Coordination and complementarity:** In September 2008, there will be a High Level Forum on aid harmonization in Accra, Ghana. It is the third of its kind, following the conference in Paris in March 2005 and the Rome conference in 2003. While New York 2000 addressed the development vision and Monterrey 2002 the funding, in Paris the institutional side of aid delivery was tackled. This conference is a reaction to the erosion of administrative capacities in low-income states caused by an overload of projects and donors, and the resulting ineffectiveness of aid.<sup>9</sup> In Paris, donors committed themselves to streamlining and simplifying aid provision, following recipient countries' policies (ownership), adhering to domestic systems and procedures (alignment), and coordinating amongst themselves in order to limit the administrative burden on recipients

(harmonization).<sup>10</sup> The measurement of impact – as opposed to the follow-up of outputs – is being promoted.<sup>11</sup> Most importantly, a commitment to mutual accountability of donors and 'partner countries' was agreed, in which new forms of political dialogue – sometime termed post-conditionality regimes – were championed.<sup>12</sup> The innovative twist of the Paris declaration is that it is supposed to be measurable, with donors set to be benchmarked in their performance and compared with one another. The first assessments are coming out now.<sup>13</sup> Whilst this consensus is a significant step forward, there are increasing concerns beyond the Paris consensus. These include a number of unanswered questions: what is the role of NGOs within the new aid architecture?<sup>14</sup> The Paris consensus only applies to highly aid-dependent countries, or even donor darlings. What is to be done with middle-income countries?<sup>15</sup> What is to be done with non-aid-dependent countries with large poor populations?<sup>16</sup> Why has the gender agenda suffered within the new aid architecture?<sup>17</sup> And, lastly, although tackling poverty is noble goal, what about inequality?

<sup>10</sup> See the Paris declaration on aid harmonization in [www.aidharmonization.org](http://www.aidharmonization.org) and the first follow-up report by OECD 2007: 2006 Survey on Monitoring the Paris Declaration - Overview of the results, Paris.

<sup>11</sup> See the web-page of the Initiative for Managing for Development Results [www.mfdr.org](http://www.mfdr.org)

<sup>12</sup> See Paolo de Renzio 2006: Promoting Mutual Accountability in Aid Relationships, ODI Briefing Paper 1 (April 2006), London.

<sup>13</sup> See The first follow up report by the OECD: 2006 Survey on Monitoring the Paris Declaration - Overview of the results, Paris 2007; the World Bank's Aid Effectiveness Review measures two indicators of the Paris Declaration (national development strategies and results orientation) and provides country case studies; an interesting example for benchmarking donor performance at country level is provided by Tony Killick et al 2005: Perfect Partners? The Performance of Programme Aid Partners in Mozambique, 2004 -A Report to the Programme Aid Partners and Government of Mozambique.

<sup>14</sup> For the Spanish context there are some interesting case studies in Juan Ignacio Pita (coord) 2006: Nuevos instrumentos de la cooperación española – la experiencia Mozambiqueña, CEALCI Madrid; and Amaya Olivares 2006: Visión y participación de las ONGD como sociedad civil organizada en el apoyo presupuestario directo de la AECI al Gobierno de Mozambique, in: Plataforma 2015 y mas: Los objetivos del Milenio: Movilización Social y Cambio de Políticas, Madrid

<sup>15</sup> These questions have been tackled recently by a seminar on middle-income countries organised by the Government of Spain. For a report on these issues: José Antonio Alonso (Coord) 2007): Cooperation with Middle Income Countries: Justification and Working Fields, Madrid EN.

<sup>16</sup> See Simon Maxwell 2005: What's Next in International Development? Perspectives from the 20% Club and the 0.2% Club, London.

<sup>17</sup> See UNIFEM 2006: Promoting Gender Equality in New Aid Modalities and Partnerships, New York; see the UNIFEM page on gendered budgets.

<sup>8</sup> UN Financing for Development Office <http://www.un.org/development/deliveries/development-office/>; a recent update has been given by the UN Secretary General in March 2007.

<sup>9</sup> On project proliferation see Arnab Archarya, Ana Fuzzo de Lima and Mick Moore: Aid Proliferation: How Responsible are the Donors?, Brighton 2004, IDS working paper 214; on institutional effects of aid see Todd Moss, Gunilla Pettersson, Nicolas van de Walle 2006: An Aid-Institutions Paradox? A Review Essay on Aid Dependency and State Building in Sub-Saharan Africa [CGDev Working Paper 74], Washington.

4. **Euro-Africa relations:** The Euro-Africa summit will be held at the beginning of December 2007 in Lisbon. The last, rather ineffective encounter was in 2000 in Cairo. In the meantime, the African Union (AU) has been founded, with a mission to forge a united government of the continent. The transition from the Organization of African States to the AU has signified the end of an era of non-interference in domestic issues, and opened the way towards benchmarking of governance standards. Some institutions (the Pan-African Parliament, AU Commission, Court of Justice, Peace and Security Council), initiatives (NEPAD) and instruments (APRM) have also been developed, and could potentially established a reference point for African civil society and reform-minded elites in their bid to make African institutions more democratic, efficient and transparent.<sup>18</sup> Non-European actors have discovered strategic interests in Africa.<sup>19</sup> The European Union, meanwhile, has developed a strategy for Africa that is supposed to bind both Commission and member states.<sup>20</sup> Although the majority of poor people live in other continents, the degree of poverty in Africa is highest, which makes aid the appropriate response mechanism. Accordingly, the European Union declared that it would allocate at least half of its increase in aid to the continent.<sup>21</sup>

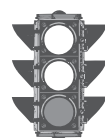
These are some of the most important international frameworks that development policy makers have to take into account. It is getting increasingly difficult to ignore them. However, the degree of national deviation varies substantially. Spain, starting in 2004 from a position far from the international consensus on both

the volume and way development cooperation is to be delivered, has moved rapidly towards the mainstream.

## Elements of reform

This section looks at eleven elements of development policy, in each case documenting the latest changes in Spanish Cooperation, and describing the new outlook.

### 1. Development financing



Spain has increased its funding significantly and redirected spending towards multilaterals and social sectors.

2005 was the year of development. The UN summit MDG+5, the G8 summit in Scotland and the related public mobilization 'to make poverty history' reaffirmed the goal of dedicating 0.7 of GDP to development cooperation. Spanish civil society joined the movement, calling on its government to increase the volume of aid.<sup>22</sup> And the current government has done just that. Indeed, for three consecutive years Spain has increased its ODA funds.

**Table: Net aid volume as percentage of GNI**  
(Source: 2001 – 2005 PACI seg 2005; 2006 OECD)

2001	2002	2003	2004	2005	2006
0.30	0.26	0.23	0.24	0.27	0.32

Although the spending target of 0.33 in 2006 was just missed, the increase has been remarkable. Spain even represented an international exception in 2006, when a significant number of donors did not increase their development spending as compared to 2005 and thus,

<sup>18</sup> Charles Manga Fombad and Zein Kebonang 2006: AU, NEPAD and the APRM - Democratisation Efforts Explored. Current African Issues No. 32. Edited by Henning Melber Nordic Africa Institute, Uppsala.

<sup>19</sup> See the official website of Sino-African Summit [www.focac.org/eng/zt/bjfh/](http://www.focac.org/eng/zt/bjfh/); on Americas engagement in Africa see the Council of Foreign Relations: More than Humanitarianism - A Strategic U.S. Approach Toward Africa, Washington 2006 and the Backgrounder by Stephanie Hanson on the new Africa Command of the Pentagon.

<sup>20</sup> The EU Africa Strategy COM(2005)489; more information in the DG DEV Africa Portal.

<sup>21</sup> European Development Consensus 2006/C46/01, Part I, Section 5.1.23.

<sup>22</sup> See the webpage of the Spanish Campaign [www.pobrezacero.org/](http://www.pobrezacero.org/)

as reported by the OECD, lost their way on the roadmap towards the 0.7 goal in 2015. However, compared with average spending of 0.30 percent for all OECD countries and 0.43 for the EU-15, a significant process of catch-up remains. On the positive side, Spain is one of very few countries to have devised a specific roadmap with spending targets in terms of percentage of GDP.<sup>23</sup> This will make it easier to detect any backsliding. For now, underachievement as regards spending plans has been continuous.

**Table: Spanish development cooperation commitments**  
(Source EC COM (2007) 164, p. 7)

2007	2008	2009	2010
0.42	0.50	0.56	0.62

This increase in aid volume has to be specified on three dimensions: how much goes to social sectors? How much goes to the poorest countries? And how much is genuine aid?

1. Social Sectors: At the Social Development Summit 1995 in Copenhagen, donors and recipient states committed themselves to spending 20 percent of, respectively, ODA or the state budget on basic social services. This is the so-called 20/20 initiative. Spain, along with many other donors, had failed to accomplish this goal until 2005, when it arguably reached the mark for the first time according to a recent document from SECI.<sup>24</sup> It is one of the few countries in which this commitment is still reported on and politically referred to. It has been cited in the Master Plan, and recently reconfirmed as one of the eight goals of the Annual Plan 2007.
2. Poorest countries: Spain, with its traditional focus on Latin American and Northern African Countries,

<sup>23</sup> The missing of the 2006 target is partly due to the change in GNI accounting. See Seguimiento PACI 2005, p 11. All data compiled from the following sources: OECD 2007: "Development aid from OECD countries fell 5.1% in 2006" press notice 03/04/2007; EC Keeping Europe's promise on Financing for Development COM (2007) 164 final.

<sup>24</sup> See SECI 2006: "hacia los objetivos del milenio - una apuesta coherente en la lucha contra la pobreza", Madrid, p.18. According to the definition, one could exclude those funds given as credit. Then the figure would be just over 17 percent.

scores poorly when it comes to the share given to the least developed countries, defined as those that do not pass a certain level of GDP per capita (for example, Haiti is the only American country that fulfils this criterion). In recent years, the percentage of aid dedicated to the poorest countries has increased constantly (up to 24 percent in 2005). The largest share, however, is still being allocated to middle-income countries (nearly 60 percent).<sup>25</sup> Although many other donors have called for development cooperation to be focused on least developed countries, poverty and inequalities in middle-income countries persist. Spain has been leading efforts on developing a strategy to work effectively in these countries.

3. Real Aid: Criticism of alleged inflation in reported aid figures has been increasing. In particular, it has been argued that debt relief should be counted as additional to ODA, whereas it is currently counted as ODA according to the classification system of the OECD/DAC. Whereas debt is a significant burden on developing countries budgets, and should be condoned, the call is for "fresh money" beyond the cancellation of debts. But questions are also being raised over whether other items such as scholarships to foreign students, refugee assistance in the donor country and certain types of technical assistance should figure as ODA. A recent report by CONCORD, a confederation of European NGOs, asserts that the 'real aid' of Spain in 2006 is 0.27 percent rather than the reported 0.32 percent. The share of debt cancellation in 2005 was a fifth of all ODA. A further concern is the tying of aid – meaning the obligation to buy Spanish products or services with this money – which is still an important part of Spanish development cooperation (although rapidly decreasing): the ratio of tied aid to total bilateral aid in 2005 was 14 percent. The Centre for Global Development reports that 32 percent of all aid is tied or partially tied.<sup>26</sup>

<sup>25</sup> See PACI 2007p31; SECI 2006: "hacia los objetivos del milenio" p. 18

<sup>26</sup> See the report of CONCERN 2007: Hold the Applause! EU governments risk breaking aid promises, Brussels; on "Phantom Aid" see as well the reports of Action Aid. Share of debt cancellation in 2005

Apart from these specific aspects of targeting, the increased volume of aid can be itemized according to instruments and disbursement channels. The main trends are described below: a greater share for the agency, more funds for multilaterals, a very cautious farewell to project finance. But after the enthusiastic declarations of the Master Plan, the shift in numbers is rather slow.

- Within the traditionally fragmented system of development cooperation actors in Spain, the Spanish Agency for Cooperation implements a growing share of all ODA.

**Table: Share of all ODA implemented by AECI (data from DGPOLDE), in percentage terms**

2001	2002	2003	2004	2005	2006
19	22	23	22	23	28

Spain is increasing funding to multilateral bodies. This is one way out of the aid disbursement dilemma, while also reflecting a conviction in effective multilateralism. This will be treated below in more detail.

**Spanish Multilateral Contributions – as share of total ODA in percentage terms<sup>27</sup>**

	2003	2004	2005	2006	2007
EU	26.8	27.1	26.0	12.3	16.2
IFI	10.0	14.1	10.1	10.6	12.4
NFIO	4.5	2.5	2.2	12.2	23.9
Total	41.3	43.7	38.3	45.1	47.7

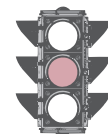
had been 20.68 (PACI 2005 seguimiento, p.32), in 2006 it amounted to 13.84 percent (OECD preliminary data); data on tied aid in PACI seg 2005, p 8. See the Commitment to Development Indicator of Centre for Global Development.

<sup>27</sup> Explanation: PACI – annual Plan; prev – prevision; EU – implemented by EC or EDF; IFI – International Financial Institutions; NFIO – Non-Financial International Organisms (includes multilateral fiduciary funds as of 2006). These data are, however, to be taken cautiously as neither replenishments to IFIs nor contributions to funds follow strictly an annual rhythm.

- In terms of bilateral cooperation, there is a range of possible channels through which aid can be disbursed. Principally these are projects (in which NGO financing is included), programmes or direct budget support. Internationally, the current trend, particularly in highly aid-dependent countries, is towards budget support. The reasoning is that project aid places a heavy burden on the administration of partner countries and impedes the development of domestic capacities and institutions. Spain has taken on the challenge, and refers to this type of aid under the heading of “new instruments”. A unit in the technical office of the agency has been created, and has cautiously implemented 0.9 percent of total ODA under this heading in 2005.<sup>28</sup>

The big issue now is how to handle this tremendous increase in aid. The European Commission has called for national plans to strengthen capacity to implement scaled-up ODA. This would both publicly document the commitment, and structure responses to the technical difficulties so as to disburse more funds with nearly the same administrative structure. No such plan has yet been prepared by Spain.<sup>29</sup>

## 2. Analytical capacities



A policy division has been created within the Ministry of Cooperation. More emphasis is being put on evaluation and research. Outcomes are awaited.

It is increasingly acknowledged that development practice needs to be embedded in research, and that linkages between researchers and policymakers need to

<sup>28</sup> A helpful guide to aid instruments is Mick Foster and Jennifer Leavy 2001: *The Choice of Financial Aid Instruments*, [ODI wp158], London [http://www.odi.org.uk/publications/working\\_papers/wp158.pdf](http://www.odi.org.uk/publications/working_papers/wp158.pdf); see also CONGDE 2006: *AOD Hoy – Discurso Y Realidad*, Madrid [http://autonomicas.congde.org/documentos/222\\_1.pdf](http://autonomicas.congde.org/documentos/222_1.pdf); see PACI seg 2005 p. 38 on “new instruments.”

<sup>29</sup> See European Commission 2007: *Keeping Europe’s promises on Financing for Development*, COM(2007) 164.

be strengthened. There is a long tradition in some Northern European countries of Development Studies, ultimately rooted in the Colonial Studies departments that advised colonial administrations. The Spanish academic and research landscape, with its particular tradition of looking towards Latin America, has caught up lately, although there is not yet any common identity of 'development studies', nor any kind of active professional organization. A recent conference on "university and development" [III: Congreso Universidad y Cooperación al Desarrollo] focused in large part on the role universities have in implementing projects with their own budgets, rather than demanding a public funding scheme for development research or debating their role in improving official development cooperation practice *as academics*. The issue of how to foster research uptake by policy-makers has not yet gained much pertinence in Spain.

The Master Plan – although mentioning universities as actors – remains particularly vague on the issue of evidence-based policy making and research funding. Similarly the Annual Plans do not take on the issue. There have been some steps, however, towards enhancing the relation between research and development practice. The most important of them is the reform of the planning and evaluation unit of the SECI. Related to that are the new bodies' evaluation activities, and a new instrument for research funding. Additionally, a government-controlled think tank, working on issues of aid effectiveness and social and economic development in general, has been inaugurated.

**DGPOLDE:** With the arrival of the new government the planning and evaluation unit of the SECI was upgraded to General Directorate. Increasing the staff from three in 2003 to over 50 in 2007, it has become the motor of reform. It has taken on the task of technically supporting the policy setting and coordination mandate given to the SECI by the 1998 law on International Development. Its capacities to participate, from a technical perspective, in international fora such as the OECD/DAC or the Development Meetings of the EC Council have

increased markedly. The planning unit has developed an integrated set of planning tools, and has embarked on a furious production of documents (see below). It has increased its capacities to connect with and give direction and effectiveness to the coordination bodies of the Spanish development cooperation system – the inter-territorial and the inter-ministerial commission. Similarly, the working groups of the consultative body of Spanish development cooperation, the Development Council, can count on technical support. DGPOLDE is a young and energetic government department with dedicated leadership, striving for rapid change. Sometimes its dynamism and free-standing, organizational set-up creates tensions with other departments that are constrained in their flexibility by outdated bureaucratic regulations, most notably the Agency for Cooperation.

**Evaluation:** The evaluation of programmes and strategies provides an opportunity to assess their approach, structure and effectiveness. Evaluation has the dual role of controlling and ensuring accountability, and fostering learning. The Master Plan has declared systematic evaluation one key area for reform. Whereas the planning wing of DGPOLDE has been very active in producing a significant number of planning documents, the evaluation wing has been more silent. Until today, Spain has not yet revisited its evaluation methodology, which has thus not been updated with regard to planning methods or the increase in aid. DGPOLDE inherited four programme evaluations – largely conducted in a classical, project-based style – and commissioned in 2005 three further evaluations, which are supposed to follow a new, more strategic orientation.<sup>30</sup> At the time of writing, they had still not been published. The Plan 2006 promises three further strategic evaluations of one country strategy, one priority sector of the Master Plan, and a programmes of special importance. No terms of reference have been published. The announced mid-term evaluation of the Master Plan, in order to prepare the upcoming Master Plan 09-12, has not been heard of.

Whereas action taken on former evaluations – either in learning, strategic redirection or programme suspension

– remains largely undocumented, the follow-up on the new-generation evaluations remains to be proven, given that those commissioned in 2005 have not yet been published. A revision of the evaluation methodology has been promised in the Action Plan 2006, and has been commissioned from the Institute for Regional Development [Instituto de Desarrollo Regional] IDR in Seville. No draft or results have been presented or discussed so far. For now, the methodology for evaluation from 1998 and its specification in 2001 remains valid. Meanwhile, the preparation of a guide for joint evaluation methodologies and training for decentralised cooperation has been announced. But once again, no further action has been reported. It is as yet impossible to determine whether the new-generation evaluations are actually being used to enhance poverty reduction and accountability, strengthen management practices and foster learning, since these exercises – in a imagined three-step process of design, implementation, feedback – have only entered phase two. Given this panorama, it seems that the development community will have to wait some time before harvesting the results of the new structures that are being implemented.<sup>31</sup>

For example, the micro-credit fund – 2.2 percent of all ODA in 2005 – was widely criticised for being unclear in its poverty focus, strategically and institutionally detached from the rest of the Spanish Cooperation structure, and poorly integrated into the international microfinance development efforts gathered in the Consultative Group to Assist the Poor.<sup>32</sup> The pending evaluation could provide a mayor opportunity to redirect both the strategy and

institutional set-up of Spanish microfinance cooperation as a complementary, internationally coordinated and outcome-oriented instrument in Spanish support to business development as a cornerstone of the fight against poverty. A similar possible outcome might result from evaluation of the relevance to poverty reduction and effectiveness of the Spanish Development Credits (FAD). This, however, is widely acknowledged as being too politically sensitive.<sup>33</sup>

Evaluation should be institutionally separated from implementation, and this is being done by distinguishing between the powers of DG POLDE and AECI. However, an internal evaluation unit of AECI would be desirable. For now, this unit does not exist and it is pending an overdue reform.

In contrast, evaluation has been enshrined in the new regulation of “convenios” [framework agreements] with NGOs,<sup>34</sup> in an attempt to shift from a bureaucratic mode of accounting for expenditures towards a more results-focused mode of implementation. No assessments are as yet available on this new mode of implementation and on the feedback mechanisms of evaluation, since these are mainly focused on new forms of financial accountability (reports), while much less has been done with regard to development outcomes.

The institutional design of the framework agreements, however, has been welcomed by both the large, more professional NGOs, and critical academics. The regulatory system has also been warmly welcomed by the private sector evaluation consultancies, who are expecting more business. It is still to be determined which evaluation consultancies would be eligible to carry out a high quality evaluation that satisfies both the learning needs of NGOs and AECI’s oversight mandate, as well as the will to build the capacities of

<sup>30</sup> Evaluations have been commissioned of the ARAUCARIA programme, dedicated to the protection of biodiversity and sustainable development, the Micro Credit Fund, dedicated to fund micro-credit providers, and the country programme of Morocco.

<sup>31</sup> See the respective contributions in the *foroaod.org* section on evaluation: On the revision of the evaluation strategy see Guideline VIII of the Action Plan 2006, p 72; see the webpage of the Instituto de Desarrollo Regional, Sevilla; see the statement of the SECI on evaluation in the FOROAOD; see Methodology for evaluation of 1998 and its specification of 2001.

<sup>32</sup> Data from PACI 2005 seguimiento, p. 32; on the micro-finance instrument see J-A Alonso: Spanish Cooperation: A system involved in a Change Process (mineo 2005); on micro-finance standards, see the website of the Consultative Group to Assist the Poor (CGAP) [www.cgap.org](http://www.cgap.org)

<sup>33</sup> Marta Arias 2005: Créditos FAD. El debate que nunca llega, in: *Economía Exterior*, Núm. 35. 2005/2006.

<sup>34</sup> See the FOROAOD backgrounder “The added value of NGOs”, and the contribution by Ruben Cano “From Evaluating Management To Managing Evaluation: A Development NGO’S Perspective”.

its implementing partners. This could be a market for European consulting firms, bringing fresh ideas with them regarding methodologies. Until now, most big consulting firms in Spain have only dedicated a very small, usually understaffed section to development cooperation, given that Spanish development has been little more than an occasional sideline interest for the big players, concentrated in the far more lucrative Framework Contracts of the European Commission. One of the main queries relating to the near future of Spanish evaluation culture is whether government agencies are willing to invest in evaluation, and consequently take part of a competitive evaluation market, or rather maintain a precarious evaluation system that does not foster potentially painful learning and decision-making processes, but instead “says what the client wants to hear.”

**Fostering development research: “convenios de investigacion”:** A new instrument of DGPOLDE are research frameworks agreement with public bodies, mostly universities. Some of these contracts focus on very specific deliverables, such as the preparation of a new evaluation methodology by the IDR in Seville, a mapping exercise and the facilitation of better information exchange between municipal actors in development commissioned from the Spanish Federation of Municipalities and Provinces [FEMP], or an integrated electronic information management system for development cooperation activities commissioned from the Polytechnic University of Madrid. Others focus on more strategic issues, such as the study on aid to middle-income countries by the ICEI, on policy coherence and remittances by the Real Instituto Elcano, work on aid architecture, debt and aid effectiveness by CeALCI, and the studies on human security and local human development by HEGOA.

Thanks to these framework agreements, Spanish development policy has gained an evidence basis for its actions. There are, however, a number of constraints and shortcomings that should be tackled. Firstly, for administrative reasons, only Spanish public bodies, such as universities, are eligible for funding under the framework agreements. Secondly, the research is commissioned at the complete discretion of

DGPOLDE. The commissioned research is not embedded within a research funding strategy. Thirdly, the results are not systematically published as such, nor is there any publication of who is implementing commissioned research for DGPOLDE. These parameters do not foster a critical mass of research results and informed debate.<sup>35</sup>

**CEALCI:** In 2004, a research centre – named *Centro de Estudios para América Latina y la Cooperación Internacional* CEALCI – was inaugurated under the aegis of the public-private Carolina Foundation. It replaced a centre dedicated to the promotion of cultural heritage in Latin America.<sup>36</sup> It researches Latin America, corporate social responsibility, international economic relations, public policies and aid effectiveness. It commissions academic work and edits a number of publications. In 2007, its research agenda focused particularly on social cohesion and regional integration. It is also perceived as a training institution, and catalyst for change within the Spanish development cooperation community. In the future, political leaders will have to decide whether this institution is going to continue to serve as the intellectual face of SECI, gain academic independence, or integrate into a policy division of AECI.

### 3. Planning



A comprehensive set of planning tools has been developed. Greater transparency in goals has been achieved, and should be followed by improving delivery structures and evaluation practices.

Replacing the rather arbitrary planning tools of the period before, DGPOLDE has engaged in the breakneck production of multilevel planning

<sup>35</sup> There are other donors that have made knowledge generation, research uptake and dissemination one of their key areas. See most notably, the latest research strategy by DFID Research Funding Framework 2005 - 2007; see also the Swedish Policy on Research Cooperation.

<sup>36</sup> Visit the website of CeALCI.

instruments. Although similar documents existed before, the DGPOLDE has devised a new methodology, and has set new standards for the way it was created. These are the main documents:<sup>37</sup>

- The **Master Plan**, requested by the Cooperation Law of 1998, shall be the basis for a four-year planning period. The Master Plan 2005-08 is the second of its kind.<sup>38</sup>
- The Master Plan is to be specified in **sector strategies**, some of them cross-cutting and mainstreaming.
- **Annual Plans (PACI)** specify the yearly action, and define measurable objectives. These Plans have been given thematic focus by the new administration. The PACIs are being reported on by follow-up reports (PACIseg).
- **Country strategy papers** for priority countries: Documento de Estrategia País (DEP). For special attention countries: Plan de Actuación Especial (PAE).
- **Operational Plans** define the action taken on policy formulation and planning.

The Master Plan is rather declaratory in nature, no budgetary allocations are indicated, and no measurable objectives or indicators are defined. Some critics argued that, when given the choice between accommodating further proposals from civil society in the consultation process and deciding on priorities, the drafters preferred to add to the bulk of statements, thus generating a “shopping list”. Hence the document is an agreeable guide to the international consensus on development, and a welcome statement on poverty reduction and multilateralism. It is not, however, a document which states measurable commitments, and could be used to hold the administration to account. Additionally there seems to be some confusion between “sectors priorities” and “horizontal priorities,” in that large parts overlap and

are not given specific targets. Overall, there is a lack of clear operational options.

Regarding the country strategies, the Development Council has published a statement welcoming the new methodologies, and adding some critical appraisal.<sup>39</sup> Briefly, its position is as follows. First, CSPs have been drafted before sector strategies, which might create a distortion of the CSP once these latter have been defined. Secondly, as the CSPs do not settle matters of operational planning, these have been delegated to a further operational plan per country, which could potentially be linked to the general annual plan (PACI). The linkage needs to be clarified. Third, before ever reaching the operative level, one has to pass through four or five levels of planning documents. This seems complicated. Fourth, a planning cycle of four years is legally prescribed. The workload on the administration to redo all documents every four years is high, which could potentially rebound on the quality of both process and product. Fifth, wide consultations were held in order to prepare these documents. The Councils mentions that the process was rushed, and that consultations could have been more extensive. Similarly, the depth of consultation with actors of recipient countries was very diverse. The government does not use online consultations. Therefore, the consultations – and the different opinions they produced – remain largely undocumented. In other development cooperation agencies, it is increasingly common to publish strategy papers as green papers, and ask for comments over a three-month period. Sixth, the sector planning within the preparation of the CSPs could have been an opportunity to focus, set clear-cut priorities, and limit the intervention sectors. This opportunity has not been taken. In most CSPs, a large number of sectors is mentioned.

Accordingly, a cross-analysis of the CSPs shows there is no common pattern either in the number of intervention sectors in each country, nor in the number

<sup>37</sup> All planning documents are available at the MAEC SECI DGPOLDE website; since 2006 the PAE have a foreword which explains the planning levels.

<sup>38</sup> The first one, 2000-2004, has been heavily criticised for its non-consultative nature, after the SECI refused to adopt a proposition developed by some of the leading Spanish academics in development policy.

<sup>39</sup> See the Development Council 2006: *Expresión de opinión del Consejo de Cooperación para el Desarrollo sobre el proceso de planificación de la cooperación española*, julio 2006.

of stated priorities. The table below shows this, taking three examples:

CSP Country Forecasts	Priority Sectors (Number of accomplished Strategic Objectives)				
	Priority 1	Priority 2	Priority 3	Priority 4	Total number of sectors
Guatemala	5	5	3	4	17
Ecuador	3	-	-	-	3
Mozambique	2	4	4	1	11

Source: Nils-Sjard Schulz: Division of labour among European donors: Allotting the pie or committing to effectiveness? FRIDE Comment March 2007;  
ES <http://www.fride.org/File/ViewLinkFile.aspx?FileId=1361>  
EN <http://www.fride.org/eng/File/ViewLinkFile.aspx?FileId=1366>

Additionally, no allocation of funds for each of the sectors is provided, which might otherwise have helped establish an order of priorities. The methodology for the preparation of CSPs does not request that any of the following be provided: (1) a definition of what is meant (financially, institutionally, operationally, etc.) by the priority levels, (2) a connection of objectives with instruments, (3) the relation of the stated objectives to allocated funds and, (4) guidelines on how many sectors shall be covered, and at which priority level.

Another big challenge is reconciling the country planning process with the commitments of the Paris Agenda. Although the tool for the planning process requests consideration of the objectives of local ownership, alignment and harmonization, no country-based measurement for 'complying with Paris' is established. Similarly, no connection of the Spanish contribution to results-measurement frameworks is specified. The whole planning process still pays little attention to the Spanish contribution to fulfilment of the Paris Declaration indicators. Given that the CSPs do not tackle operational planning, this might then be the job of the operative programming documents. The expectation is that these issues are being addressed in

the "Action Plan for the Implementation of the Declaration on Aid Effectiveness" announced in the seventh guideline of the Annual Plan 2007.<sup>40</sup>

This planning process has created a heavy workload in AECI and OTCs, with considerable external support from consultants. While great efforts have been devoted to this task, the institutional capacities for ensuring the monitoring and evaluation of the plans are not yet defined, neither at headquarters nor at country level.

In terms of delivering on promises, as of June 2007 it has to be said that the announced sector strategies have not yet been published. SECI justifies the delay by pointing to the extensive consultation processes.<sup>41</sup> Together with those relating to the strategies for economic development and humanitarian aid, the strategies that should cut across sectors – such as conflict prevention, multilateralism, governance – are eagerly awaited. These latter will face a particularly difficult task, since all cross-cutting strategies necessarily have to touch upon the flawed institutional system and coordination mechanisms of the Spanish Development cooperation System. All of these strategies will most likely request an opening of the compartmentalised management structure, both within the agency and within ministries.

There is no doubt that the SECI has proposed a set of planning tools and methodologies that not only communicate accessibly the aims of Spanish development cooperation, but force particular aims to be defined and set into the context of the overall policy of poverty reduction. There are some outstanding tasks, though:

<sup>40</sup> Indicators: see the website on monitoring the Paris Declaration: [www.oecd.org/dac/effectiveness/monitoring](http://www.oecd.org/dac/effectiveness/monitoring); see the World Bank country reports on Indicator 1 and 11; World Bank Aid Effectiveness Review. The fulfilment of 'Paris' gets even more important as recent communications within the development community call for assessments of "good donor behaviour", see for example the Note by the UN Secretary-General on Coherence, Coordination and Cooperation in the context of the implementation of the Monterrey Consensus; E/2007/10 (19 March 2007) (accessible in <http://documents.un.org/>)

<sup>41</sup> In the Commission For Development from 19 April 2007.

- The main criticism is that the first generation of some of these documents, mainly the DEPs, have remained rather declaratory, rather than operational. The DEP do not stipulate that aid instruments must reach the defined objectives. It is important to understand that the DEPs are mainly geared towards coordinating domestic Spanish actors in the partner country, rather than specifying budget allocations or preparing an intergovernmental dialogue.
- Another bottleneck is the lack of a review of the evaluation methodology so as to take on board the comprehensive development framework established by the Paris declaration – the insertion of any cooperation into national development policies and impact measurement frameworks. Definition of objectives and indicators in DEPs should be based on this link in the chain.
- Moreover, the translation of planning into action is heavily dependent on institutions. How software (the plan) and hardware (the machine for implementation) interact is not always taken into account. The critical observer could get the impression of an underlying assumption that implementing bodies could be remote-controlled from the DGPOLDE by feeding them plans.

One has to acknowledge the difficulties in presenting strategies before the implementation structure, most notably the role of AECI, is fully defined. Without the structure (reform of the agency) and the methodology to ensure feedback (evaluation), planning remains fragile.

All the above comments, however, are only possible because the SECI has committed to specify the rules of the game for its planning process. It is to be expected, under the vigilance of the Development Council, the Parliamentary Commission for Development and not least civil society in partner countries, that second-generation country strategies will build on experiences gathered from the first, rather rushed, round of planning. Then, the missing pieces in the puzzle can be inserted.<sup>42</sup>

<sup>42</sup> The elaboration of the DEP of Bolivia has been documented, recounting the experiences from the country office and the coordination body of Spanish NGOs in Bolivia. See the Chapter 'El Proceso

## 4. Domestic actors – Consensus and engagement



Relations with civil society have improved significantly. A more open style of consultation would increase the quality of public debate.

The development landscape in Spain is vibrant and features a great diversity of players. Spain is lucky to be on the top of international tables for public support to the cause of development.<sup>43</sup> Since 2004, the SECI has re-established a consultative approach to policy making with representatives from civil society and sub-national levels of administration. Prior to this, relations between NGOs and the government had been tense, culminating in the walkout from the Development Council of some of the most well-known NGOs in 2001.<sup>44</sup> Now, there is broad consultation with civil society, both for strategic documents such as the Master Plan and sector strategies, as well as for country-level planning. The quality, transparency and inclusiveness of these processes could be enhanced, however. Observers of Spanish civil society have pointed out that this more consultative approach and the openness to NGOs has served as a cooption strategy, and that many critical voices have held back from outright opposition. Furthermore, there is an inherent conflict of interest in the treatment of Spanish NGOs as the extended arm of the Spanish cooperation and

Participativo en la elaboración del Documento Estrategia-País en Bolivia' en: Plataforma 2015 y mas: Los objetivos del Milenio: Movilización Social y Cambio de Políticas. Madrid. It gives an overview of the shortcomings and potentials of the planning process. It is noteworthy that the process limits coordination to coordination *between* Spanish actors, without relating extensively to other donors and national policies. Compare this with the Aid Effectiveness Profile for Bolivia drafted by the World Bank.

<sup>43</sup> Spain, compared with other European member states, heads the statistics of people responding that their government should dedicate more funds to development aid: see Eurobarometer Special: Attitudes towards Development Aid; on fostering domestic support for the cause of development, see OECD 2003: Public Opinion and the Fight against Poverty and the portal of the OECD Development Centre on Public Attitudes towards Development Co-operation.

<sup>44</sup> See Jose María Vera 2005: Consejos de Cooperación y Participación de la Sociedad - un paso adelante y dos atrás, en: Plataforma 2015 y más: La palabra empeñada - Los Objetivos 2015 y la Lucha contra la Pobreza - Segundo Informe Anual de la Plataforma 2015 y más, Madrid 2005 [Catarata].

one of its main organizations for implementation, whilst also being critical observers.<sup>45</sup>

The following paragraphs will cover five main policy changes that have been implemented over the last few years: the restoration of the Development Council as the main consultative body, the establishment of a new contractual relation with large NGO allowing them more strategic and independent action, the regulation of the status of development workers, a renewed relationship with decentralised cooperation, and a new policy style to engage with domestic actors.

**The restoration of the Development Council:** The Development Council [Consejo de cooperacion] was established in 1995 after the '0.7-percent' mobilisation of Spanish civil society, and has been enshrined as part of the system by the 1998 law on International Development. It is an assembly of government, academic and civil society actors, the latter comprising NGOs, private business and trade union representatives. The government is represented through all its departments relevant to aid and development policies, including Foreign Affairs, Economy, Home affairs (Migration), Agriculture, Defence, Education and Environment. In 2001, an amendment excluded the National Coordination body of NGOs (CONGDE) from naming more than two NGO representatives, whereas the remaining four were named by the government. This, along with a secretive approach to policy development, resulted in an outright confrontation between government on the one hand and civil society and academics on the other. Since this nadir, criticism of the way the relationship is now managed has been low-key, with most representatives satisfied with the significant increase in access and interaction. One of the first actions the SECI took in 2004 was to reform the Council, extending its membership from 25 to 33, appointing CONGDE, once again, as the delegated body for Development NGO members, and amplifying its mandate. The main addendum to the mandate tasked the Council with an

annual report on policy coherence, to be submitted to the Parliamentary Commission on Development and providing information about the fulfilment of international commitments towards development, though without specifying the way this should be done.<sup>46</sup> In the years since then, the Council has become a valuable part of the Spanish system, forming technical working groups on various matters, issuing statements on the planning process and working on policy coherence. Given these indisputable advances, the full potential of the Council is still largely underused. This will be discussed below.

**Establishment of a new contractual relation with large NGO:** The relation with NGOs, in their role as service providers, has been restructured by the new framework agreements [convenios]. Whereas NGO managers used to complain that most of their time was taken up with detailed account justification to AECI, the new legal model seeks to move towards result-based orientation and impact measurement. It replaces yearly funding by a multi-annual programming framework. With its accreditation procedure, AECI has set standards for transparency and professional non-profit management, going far beyond some of the other accreditation processes (see below). Unfortunately, these practices apply to large NGOs only. A huge number of the more than 1,200 NGOs registered with AECI are not called upon to meet these standards.<sup>47</sup>

The most important novelty of the regulation is the following: to access the framework agreement, NGOs have to be accredited by a process that looks into their normative framework as well as their managerial capacities and project management procedures, such as evaluation practices.<sup>48</sup> As of 2007, 25 NGO have qualified for general tasks and 13 for sector tasks. There is no periodic reassessment foreseen, and the criteria on which AECI can submit NGOs for

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<sup>46</sup> See the Real Decreto 2217/2004, de 26 de noviembre 2004, sobre competencias, funciones, composición y organización del Consejo de Cooperación al Desarrollo.

<sup>47</sup> The legal basis of the framework agreements is defined in ORDEN AEC/1303/2005 and the technical procedures for justification in a resolution by the AECI presidency.

<sup>48</sup> See the accreditation criteria.

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<sup>45</sup> These issues are covered in the discussion of thematic areas in the foroad on NGOs.

reassessment are a bit obscure. Sources at the SECI expect that the number of accredited NGOs will not increase any further, given that other NGOs do not fulfil the managerial requirements for accreditation. Funding from the AECI has thus been concentrated. This is reflected in the following chart:

NGO funding by AECI			
2002	Projects	62	17.641.218,80 €
	Programmes	4	10.800.794 €
2003	Projects	63	16.773.521,22 €
2004	Projects	80	20.925.033,06 €
	Programmes	23	109.649.398,50 €
2005	Projects	173	49.598.053,99 €
2006	Proyectos	144	31.160.590,37 €
	Convenios	101	249.507.090,84 €
Source AECI 2007 <a href="http://www.aeci.es/07subv/02sub_ONGD/7.2.1.htm">http://www.aeci.es/07subv/02sub_ONGD/7.2.1.htm</a>			

It is unfortunate that within this regulation the commitment to aid harmonisation has not been reflected, and that a strategic debate on the added value of NGOs within the new “post-Paris” aid architecture has not been held. On the other hand, in the absence of a revised programme management and evaluation methodology, this new framework uses obsolete implementation and justification techniques which fit more with projects than programmes. In other words, it focuses more on activities and accomplishment of plans than on a more comprehensive learning process aimed at generating better outputs and outcomes from Spanish development cooperation.<sup>49</sup>

The sector has been shaken by scandals lately. A number of NGOs have been investigated for embezzlement of funds.<sup>50</sup> Another debate has focused

<sup>49</sup> These issues on the self-regulation of the NGO sector are raised in detail in the discussion in the FORAOD on the “Added value of NGO” see <http://www.fride.org/eng/File/ViewLinkFile.aspx?FileId=1240>. See the accreditation criteria.

<sup>50</sup> The main scandal involved Intervida LINK, an NGO dedicated to child adoption: see El País 9 April 2007; see IPS news 17 April 2007 “Activists Support Investigation of NGOs for Embezzlement”. However,

on mechanisms of voluntary accreditation. Fundación Lealtad administers one of these mechanisms and publishes an annual report, laying out criteria of transparent non-profit management. Some larger NGOs did not fulfil the criteria laid down by the organization.<sup>51</sup> Meanwhile, others argued that the criteria applied by this organization did not cover actual activities, but remained at the procedural level of headquarters.<sup>52</sup> The CONGDE has reacted to these events with a statement, in which it mentions the rather toothless code of conduct and the shift from charity-based “angels” to professional entities moving within a political context. Unfortunately, it does not provide any policy recommendations for the sector’s self-regulation, and remains vague over what NGO “should do”.<sup>53</sup> The CONGDE itself contributes to transparency by neatly compiling all the activities of its members in a descriptive report. But as opposed to accreditation by Fundación Lealtad or the AECI, there is no methodological reflection on how to ensure integrity and improve the added value of NGOs.<sup>54</sup>

The regulation of the status of development workers: The development law of 1998 stipulated that the status of development workers, particularly their social security coverage, would have to be regulated. Until 2004 this had not been done, and it was finally amended in 2005. There were some criticisms. One focused on the independence of humanitarian workers when they are covered by the Spanish state. Another concern referred to a large number of AECI staff who are not covered. By and large, however, this law was perceived as a long overdue reform, and was welcomed

there were a number of incidents before, for example involving the NGO “Humanismo y Democracia”; see the video of a debate on public television TVE2.

<sup>51</sup> See the web-site of Fundación Lealtad <http://www.fundacionlealtad.org/web/jsp/index.jsp>; see El País : 09/04/2007 “La Fundación Lealtad detecta anomalías en la contabilidad y gestión de 70 ONG” .

<sup>52</sup> See the statement of the SECI in El País 16 April 2007: Rigor, transparencia y eficacia en la cooperación [http://www.elpais.com/articuloCompleto/sociedad/Rigor/transparencia/eficacia/cooperacion/elpepisoc/20070416elpepisoc\\_9/Tes](http://www.elpais.com/articuloCompleto/sociedad/Rigor/transparencia/eficacia/cooperacion/elpepisoc/20070416elpepisoc_9/Tes)

<sup>53</sup> Comisión de Seguimiento del Código de Conducta de la Coordinadora estatal de ONGD: Las ONGD: de ángeles a actores de desarrollo; amongst the voluntary code of conducts is one by International NGO: International Non-Governmental Organizations Accountability Charter, Dec 2005.

<sup>54</sup> [http://www.congde.org/Direc#ri##7/Informedir\\_06.htm](http://www.congde.org/Direc#ri##7/Informedir_06.htm)

by the community of development and humanitarian NGO.<sup>55</sup>

**Renewed relation with decentralised cooperation:** A particular feature of the Spanish development cooperation system is the variety of organizations involved. Most notably, so-called decentralised cooperation – official development aid implemented by sub-national bodies, the Comunidades Autonomas, like Andalucia, Catalunya or Valencia, and municipalities.<sup>56</sup> These bodies raise and implement roughly 16 percent of all ODA, large portions of which are distributed via NGOs. The central government has taken a series of initiatives to improve coordination with decentralised cooperation. This is not always a simple task as Comunidades Autonomas (CCAA) might be ruled by opposition parties, or – given the aspiration for greater self-determination amongst some of them – try to compensate for their lack of a foreign policy mandate by engaging in international cooperation. Also, sub-national organizations tend to idealize the charitable aspects of development cooperation and, as international cooperation is very soft politics in the decentralised system, look primarily for the “photo”. As some (local) NGOs depend entirely on a single funding source, the space for discussion and criticism is very limited.<sup>57</sup>

Notwithstanding, some CCAA have increased their planning and management capacities by setting up agencies or other managerial entities. Issues of coordination are supposed to be dealt with in the Interregional Commission for Development.<sup>58</sup> Their proceedings are not accessible, nor is there a published

strategy. Lately, a number of framework agreements between the SECI and CCAA have been signed.

Decentralised cooperation claims to have the advantage of being closer to the people, enabling it to foster public support for investing public funds in cooperation. There are also some particular development strategies that might be better targeted from a decentralised source, such as co-development [co-desarrollo], or support for decentralization processes or municipal administration in partner countries. These benefits, however, have to be measured against the fact that CCAA agencies add to the fragmentation of development cooperation, and thus to the administrative burden of partner countries. It is not clear how this particular feature of the Spanish system will integrate into the Paris Declaration commitments. The SECI, and the DG POLDE in particular, has worked on system integration. The Plan Actual 2006 – guideline I. – has made coordination between actors an objective, and has formulated ambitious goals for better coordination. The Plan 2007 is committed to harmonising the evaluation practices of central government and decentralised bodies. One concrete coordination mechanism is the ‘programa municipia’, which aims to coordinate and streamline inter-municipal cooperation and institutional-capacity building at the first level of government. Although these commitments are at the cutting edge for achieving more coordination within the system, no results have been published yet.

**New policy style to engage with domestic players:** Various declarations have repeated that development policy has become a centrepiece of public policy under this government. Consensus between political parties and with civil society was sought, both in development of the Master Plan and sector strategies, as well as in partner countries with the Spanish NGOs on the ground. Whilst this is true, SECI’s policy making could still be more open. Consultations over sector strategies still involve only some specially invited organizations. The new consultation body for Africa policy is a noteworthy step forward, although neither the government nor participating organizations made big

<sup>55</sup> The regulation of the status of development workers (Estatuto de Cooperante), the regulation of the status of development workers (Estatuto de Cooperante) – specification AECE: see the proceedings in the Development Commission of Secretary of State Leire Pajin defending the new regulation in *Diario de Sesiones 2006 / No 427*.

<sup>56</sup> See OECD DAC 2005: *Aid extended by local governments*, Paris.

<sup>57</sup> See *El País*: Una treintena de asociaciones pende sólo de un donante, 09/04/2007. See Carlos Gómez Gil: *Las ONG en España – De la apariencia a la realidad*, 2005: Chapter 2.5: “La dependencia económica del Estado”.

<sup>58</sup> See REAL DECRETO 2124/2004, de 3 de noviembre, por el que se modifica el Real Decreto 22/2000, de 14 de enero, por el que se regula la composición, competencias, organización y funciones de la Comisión Interterritorial de Cooperación para el Desarrollo.

efforts to clarify the role of this body or communicate its proceedings to a wider public.<sup>59</sup> This broadly matches the actual preparation of the Africa Plan: the claim that it was “based on wide consultation” was perceived as outright fiction by large parts of civil society.

The publication of strategies during the drafting period – for example, as green papers – is not a common practice. In contrast, policies such as the multilateral strategy, or reforms such as that of the AECl, remain hidden from any kind of public scrutiny. Some of this clandestine behaviour might be because the administration is unable to deliver by its deadline. But a more convincing explanation is that the traditional policy style of ‘hide what you do’ is still in place. A particular illustration is the downright disinformation of the Parliamentary Commission on both the multilateral strategy, and any plan concerning the agency’s reform.

There are a number of examples both in style and technology that could be taken as an inspiration for more fluid relations with domestic players – in short, a new style of *open government*. Some development cooperation agencies, namely the British but also the European Commission, have learnt to make use of the rich expertise of development NGOs and academics.<sup>60</sup> Governments were thus exposed to some bitter criticism, but the quality of policy making improved. So did the quality of criticism when former radical opponents got involved in highly technical issues and built up their analytical capacities, with the result that they now often serve as sparring partners before policy is finalized.

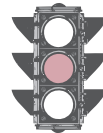
The existing structures in Spain could be used to this end. The Council could serve as a wider consultation body, and would thus become a showcase for Spanish

<sup>59</sup> MAEC 2007: Acta de la Reunión Constitutiva de la Mesa para África, 23 de abril de 2007\*.

<sup>60</sup> See the DFID practice in its consultation portal; see the EC practice: [http://ec.europa.eu/yourvoice/consultations/index\\_en.htm](http://ec.europa.eu/yourvoice/consultations/index_en.htm); on the consultations for European Development policy see the report by the Commission DG Dev: for further techniques see OECD 2001: Engaging citizens in policy-making – information, Consultation and Public Participation, Paris.

development policy. In practical terms, this would require an independent secretariat for the council. A recent Intermón report calls for a more systematic use of the Development Commission in Parliament for debate, fed by reports and involving civil society groups.<sup>61</sup> Action to raise the public profile of these bodies and make them accessible to content-based NGOs could maintain high public support for development policies, as well as add more technical content and evidence to government declarations. To that end, E-government technology could be a major boost. In short: Say what you do!

## 5. Coherence



Coherence in development is on the agenda, and more information is available. However, leverage of development concerns in general government policy needs better institutional anchorage.

“Coherence” has become a pivotal issue for people concerned about the Global South. Coherence refers to the impact of other policies, both domestic and foreign, on the primary goal of development policy, which is poverty reduction. In other words, it looks at the collateral damage that policy areas such as trade, agriculture, defence, immigration, environment and others inflict on populations in poor countries. It draws on the common wisdom that development cooperation is only a very small, if not negligible, part of the international system in which rich countries impact on the opportunities of poorer countries and their citizens. In many countries, consultation mechanisms have been installed that ask any policy-making body to check its effects on the world’s poor, in a similar way to environmental impact assessments or gender impact assessments. Examples include the Netherlands,

<sup>61</sup> See the description of the proceedings in the Development Council by Marta Arias in INTERMON 2007: La Realidad de la Ayuda 2006-07, Madrid pp. 78-81.

Germany, Sweden and the European Commission.<sup>62</sup> There are numerous working groups at a European level promoting coherence.<sup>63</sup> The challenges are both technical and political. Technical, because the undesired results have to be detected. And political, because the concerns of the global poor have to be brought to the forefront. For these two challenges to be met, any government department interested in promoting poverty reduction has to find institutional solutions. The technical side includes analytical capacities and the ability to speak the language of other departments. The political side includes raising support, as well as ensuring adequate intra-governmental “diplomacy” in order to build confidence and develop spaces for arbitration and the search of solutions.

Spain has a very strong legal framework for the promotion of policy coherence. The Cooperation law of 1998 calls for coherence, and assigned the SECI responsibility for its promotion. The reform of the powers and functions of the Development Council [Consejo de Cooperación al Desarrollo] in November 2004 delegates this task to the Council, with the requirement that it submit an annual report about coherence to the Development Commission of Parliament. A report was drafted in 2006, mobilising a significant amount of work – and some tough negotiation – for various members of the Council. According to one member of the Council, this report has been kept “nearly clandestine”. A second report has not yet been commissioned. As the SECI sets the agenda, it seems to have been surprised by the dynamics that unfolded in the Council’s working groups.

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<sup>62</sup> The organizational set-up of achieving coherence in the Netherlands has been discussed in the foroao. Although Germany might not be too advanced in some sectors of coherence, this study provides an overview of the determinants and conditions within German politics: Guido Ashoff 2005: *Enhancing Policy Coherence for Development*, Bonn; Sweden’s landmark law on “Shared Responsibility: Sweden’s Policy for Global Development”.

This website, <http://europa.eu/scadplus/leg/en/lvb/r12534.h#>, summarizes the legal underpinnings and various policy areas of the European commitment to coherence.

<sup>63</sup> see for example the three C net [www.three-cs.net](http://www.three-cs.net)

The formal powers assigned to the SECI contrast with the light weight of the SECI as compared to other ministries. The style of Spanish politics seems to impede the publication of proceedings in the Development Council or the Interministerial Commission for Development. A diversion from this style towards more open government could only help the cause of eradicating poverty. Political leadership by SECI would certainly be needed. Additionally, analytical capacities – most probably situated within DGPOLDE – would help to underpin its statements in these fora.

There are already a number of issue-based analyses covering concrete aspects of policy coherence. Some studies cover issues of trade, weapons exports, and the Plan Africa.<sup>64</sup> The following recommendations for more effective promotion of coherence in government refer to the institutionalisation of coherence, rather than tackling certain specific areas.

- **Commitment:** The Spanish government, including its highest representatives, has declared at various times that poverty reduction is the primary goal of foreign policy. These declarations of political will are not sufficient, although they are a necessary precondition for progress. The most prominent place in which the issue of coherence could be addressed is the Cabinet [Consejo de Ministros]. The question is how the ‘C’ [for Cooperación] of the MAEC can be strengthened as against other hard interests. The SECI has to devise a strategy to ensure this is possible.
- **Concrete targets:** The Dutch experience calls for very concrete actions and targets. It stresses that the focus should not generally be on coherence as such, but on very specific policy areas. Drawing on this example, the terms of reference of the yearly report the SECI asks the Council to submit to the Commission should tackle precise issues.
- **Capacity and competence:** The orientation of the SECI, and DGPOLDE in particular, has for a long

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<sup>64</sup> See comments in foroao by Marta Arias: *El Largo Camino Hacia La Coherencia* and Mabel Gonzales: *Cooperación, Desarrollo y Ventas de Armamento: Una Relación Imposible*; on Africa see: Jokin Alberdi Bidaguren y Eduardo Bidaurratzaga Aurre: *El Plan África 2006-2008: Cuestiones para el Debate*.

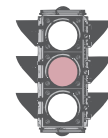
time been “vertical” towards poor countries. “Horizontal” influence on other parts of government should be given a similar status within DGPOLDE. Therefore, another type of skill is needed: the capacity to conduct poverty impact assessments, offer intra-departmental consultancies and speak the language of the counterpart. This should be integrated in both staff development and institutional structure. Some European countries offer successful examples of how this can be done. Similarly, the AECEI should not work merely “downwards” towards beneficiaries in the South, but help to channel their points of views to other government departments, thus working “upwards”. In that way, it could help to organise coalitions of change in the South for fairer trade, immigration or environmental policies, among others, and serve as an amplifier for their voices.

- Coalition building: The weight of the SECI would increase if it was able to divert public attention from picturesque pictures of poverty towards analyses of the global root causes of social exclusion. In Spain, one mechanism would be to play the ball of policy discussion between the SECI, the Council and the Parliamentary Commission, with resonance in the civil society. Strengthening the Council by giving it a secretariat, and ensuring it has more voice by launching the coherence report as a annual landmark document, possibly accompanied by a public consultation, would increase the weight of SECI – always assuming there is the will to move beyond aid as a cooperation policy to a policy of development.

Achieving coherence is not an issue of reinventing policies, but inscribing sensitivity towards the side-effects on the South into general policy-making. Various proposals on how to institutionalize this have been made. Amongst the most notable are the report by the Development Council and the research by the Elcano Institute. Now, the recommendations only need to be implemented. As the first attempts are being made to render collateral effects more visible through the Council and the Commission, a routine of annually

checking if Spain accomplishes its objectives could be set. Increased attention by civil society towards these reports and proceedings would serve this end.<sup>65</sup>

## 6. Multilateralism



Funding to multilaterals is increasing sharply. A more strategic approach towards engaging with multilaterals is needed.

Multilateral development cooperation, according to the OECD/DAC definition, involves funds that are given to multilateral organizations without restricting (earmarking) their use. There are a large number of multilateral organisations, which can be separated into International Financial Institutions (IFI), such as the World Bank or Regional Development Banks, and non-financial organisations, such as the UN and its associated agencies. On top of these, a number of Global Funds have recently been created. The European Union, and the European Commission as the body that implements development cooperation, is better defined as a supra-national institution.

The reasons for implementing development policy through multilateral organs are – to a varying extent, according to each respective organization – that they are more efficient due to economies of scale, they possess a store of technical excellence due to specialisation, and/or that they are more legitimate as a result of their governance structure. A specialisation

<sup>65</sup> For further information see the page on coherence in the FOROAOD <http://www.foroaod.org/es/temas/coherencia.html>; see the report on coherence by Iliana Olivie (Real Instituto Elcano); see the article by José Antonio Sanahuja 2006: Balance y Perspectivas de un Ciclo de Reformas: La Política de Cooperación Española, De 2004 a 2006; en: Plataforma 2015 y mas: Los objetivos del Milenio: Movilización Social y Cambio de Políticas. Madrid; A chapter of the annual Reality of Aid Report 2006 by INTERMON is dedicated to the coherence towards Africa: see INTERMON 2007: Realidad de la Ayuda 2006-07, pp. 55-58; see also the recent study by ECDPM/ particip / ICEI 2007: Evaluation Study on The EU Institutions & Member States' Mechanisms for Promoting Policy Coherence for Development Appendix VIII - Case Study Spain: The role of the Inter-Ministerial Commission for International Cooperation in the promotion of PCDD in Spain, Brussels.

of multilateral and bilateral development cooperation has been proposed, designating multilaterals to work on the core goal of poverty reduction, the European Union to work on the security-development nexus, and bilaterals to work on global public goods.<sup>66</sup> The debates on “who does what best” and “how much should be given to multilaterals” remain open.

When funds are given to multilateral organisations, the common perception is that the donor loses control over them. There are, however, ways of influencing multilaterals in their policy formulation and effectiveness. Hence, engaging with multilaterals potentially multiplies the influence of single donors. There are some possible ways to go about this. One example is the ‘Multilateral Effectiveness Framework,’ with which the British agency DFID assesses the institutional performance of selected multilaterals. Another initiative, more based on building mutual awareness and consensus, is the Multilateral Organisations Performance Assessment Network (MOPAN), which engages in a process of country-based reviews that are accumulated and fed back to the multilaterals, which are then invited to respond. On the whole, influencing international organisations (multilateral aid) and implementing projects (bilateral aid) are two very different activities, which is why capacities and human resources need to be adapted to the different kinds of work.<sup>67</sup>

In Spain, multilateral funding has usually followed a pattern of “pay and forget”. The Master Plan has pointed to the need to work more strategically with IFIs and with the UN and its agencies. The Annual Plan 2007 reiterates this objective. No objectives or instruments are presented, however. The multilateral strategy has been announced, but is now overdue. This

is why the report cannot undertake a comprehensive assessment of Spanish multilateral policies in development cooperation, beyond the simple allocation of funds. Even so, a number of developments can be observed, and these will be the main benchmarks to assess the quality of Spain’s multilateral strategy.

- Volume: The Spanish government has increased significantly its multilateral funding. The star is the 528m EUR fund managed by UNDP and Spain. Additionally, there are a number of smaller contributions to UN agencies or the African Union.<sup>68</sup>
- Bilateralization: The set-up for this Spain-UNDP fund involved co-management by Spain and the UNDP. Hence, the implementation criteria read: “The Fund recommends that [UN] Resident Coordinators institute a small Steering Committee at the country level, with representation of the Government, the UN Country Team and the Spanish Government.”<sup>69</sup> This is a classical case of bilateralization of multilateral aid.
- Non-financial Institutions: Maybe the most important shift within Spanish development policy, beginning with the budget allocations in 2006, is the shift towards the UN and its agencies. From 2.2 per cent in 2005 it jumped to 12.2 percent in 2006. (see chapter on aid volume)
- Dispersion: In 2005, voluntary contributions to non-financial bodies were disbursed to 72 organizations, of which only 6 contributions were higher than one million. Whereas ‘silent funding’ without further engagement and follow-up might be a valuable option in some cases, a strategic approach to multilateralism would entail a more focused

<sup>66</sup> See the backgrounder on multilateral aid in the FOROAOD <http://www.foroaod.org/en/topics/multilateralism.html>

<sup>67</sup> This discussion is summarized in the background document on multilateralism in the ForoAOD; see also the respective documents of Christian Freres, José Manuel Albares and Fernando Casado Cañeque. On different kind of human resources for different kind of agency roles see Simon Maxwell 2005: *Spyglass, Spigot, Spoon, Or Spanner. What future for bilateral aid?*, [ODI WP 250] London. See also: José Antonio Sanahuja 2005: “Multilateralismo y desarrollo en la cooperación española.” En: INTERMON *La realidad de la ayuda* 2005, Madrid/Barcelona.

<sup>68</sup> See the Web page of the Spain UNDP fund <http://www.undp.org/mdgf/>; UNDP Newsroom 18 December 2006 “Spain and UNDP launch new fund to advance progress towards MDGs”. See Consejo de Ministros: Más de 31 Millones en Contribuciones a Organismos y Programas De La ONU, y para la Unión Africana, 18 May 2007; Consejo de Ministros: Más De 17 Millones Para Diversas Organizaciones Internacionales, 20/04/2007.

<sup>69</sup> <http://www.undp.org/mdgf/> Bi-lateralization of multilateral aid refers to set-up in which donors maintain the (partial) control over the funds, although they are counted as multilateral aid according to ODA definitions. See World Bank: *Aid Architecture - an Overview of the Main Trends in Official Development Assistance Flows*, Washington. This is not to be confused with multi-bi-lateral aid, where bilateral donors commission multilateral agencies to implement specific projects or programmes, most often recommending donor staff as team leaders. Multi-bilateral programmes are counted as bilateral aid. See the OECD DAC definition.

approach towards some organizations and more detailed follow-up. This begs the question of where Spain's centre of gravity for development cooperation will be.<sup>70</sup>

- **Relationship and influencing:** The relationship is managed by 'comisiones mixtas' – framework treaties between the multilaterals and the Spanish administration. In 2006, these treaties were signed for the first time with UNDP, FAO, UNICEF and UNFPA. Whereas the annual plan 2007 calls for Spanish sector strategies to be stressed at these meetings, this might be perceived as competing with the international organizations' own strategies.
- **Responsibility:** The institutional responsibility of engaging with multilaterals remains unclear. SECI, DGPOLDE and AECI are all connected to non-financial IOs in various ways. Supposedly led by SECI strategy, the Ministry of Economy is connected to the Bretton Wood Institutions. Any differences between them will not be resolved if the SECI publishes a strategy that is not 'owned' by other ministries. There is a potential trade-off between the effectiveness of inter-ministerial (secret) diplomacy and accountability to the public.
- **MOPAN:** Spain has recently become a member of the MOPAN initiative. First and foremost, this will foster learning experience at field level and headquarters.
- **Domestic Oversight:** The domestic oversight of Spanish actions within the IFIs has been non-existent. The delegates of the Spanish government have complete discretion to vote, propose and support whatever the government requires, without any oversight by parliament or civil society. This is about to change once the Development Commission of Parliament receives annual reports on these political concerns, as requested in a recent amendment.<sup>71</sup>

Some of these questions might be tackled through the multilateral strategy. Others, however, need to be worked out incrementally by establishing relations between ministries on the one hand, and between the Spanish government, represented by SECI, and multilateral bodies on the other. For the latter, a common European position is still a mere aspiration. Civil society vigilance on these issues has been quiet, but is getting stronger.

## 7. Debt



Debt management has been exposed to developmental criteria. A comprehensive reform of Development Credits (FAD) is still outstanding.

Public loans to developing countries have long been considered a mayor instrument for development. Beginning with the debt crisis of Mexico in 1982, debt service took on an increasing share of the state budget of developing countries, while debt overhang became an issue of concern for both developing countries (having to service their debts) and creditors (being forced to reschedule repayment of their loans). In the late 1990s, the concept of "debt sustainability" was coined.<sup>72</sup> Debt sustainability calculates the ratio of public debts to the country's exports, its gross national income and public sector income, all of them basic indicators of the debtors' ability to pay. Governments in the South are in essence faced with the choice of satisfying their creditors or investing in social development – or spending the money on something else. Critiques argue that the concept of debt sustainability does not connect the ability to pay with the developmental needs of the country – measured for example by poverty rates or other social

<sup>70</sup> See INTERMON 2007: *Realidad de la Ayuda 2006-07*, pp. 55-58; see the debate in the Development Commission in Parliament from 19. April 2007 *Diario de Sesiones* Num 808.

<sup>71</sup> See *Proposición No de Ley del Grupo Parlamentario catalán*.

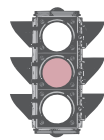
<sup>72</sup> IMF / World Bank 2004: *Debt Sustainability in Low-Income Countries—Proposal for an Operational Framework and Policy Implications*, Washington; and World Bank / IMF 2007: *Fact Sheet - Debt Sustainability Framework for Low-Income Countries*, Washington.

development indicators. Thus the management of public debt, in general, is not linked to the objectives of the MDGs.<sup>73</sup>

In Spain, 2005 was a year of considerable progress in action, discussion and legislation. The issues of cancelling debt and debt-for-development swaps were widely discussed.<sup>74</sup> For reasons of brevity, we will summarize the key points. First, Spain has fulfilled the commitment made in international fora to cancel poor countries' debts, and has taken the lead in some areas, such as the debt-for-education swaps. Secondly, a law on foreign debt was passed, linking debt management with poverty reduction.<sup>75</sup> Thirdly, the government has showed in practice little interest in debt sustainability in its concessions of further loans to countries that have recently graduated from programmes of debt restructuring or forgiveness.<sup>76</sup> Fourth, the new law establishes shared powers over debt management and credit concessions between the Ministry of Finance on the one hand and the Ministry of Foreign Affairs and Cooperation on the other, as well as channels of information (debt forecast has to appear in the Annual Cooperation Plans PACI) and consultation (expected

debt levels and new credits have to be reported to the Development Commission and Development Council). This opens the space for further vigilance by civil society. Fifth, the law stipulates that the controversial Development Aid Credits (FAD) will be revised in one year's time – another advocacy opportunity for NGOs, with enough time for coalition-building with those parts of government committed to development. All in all, this is a significant step forward.

## 8. Humanitarian Action



Although funding has increased, institutional structure awaits reform. No comprehensive strategy aimed at achieving better quality in humanitarian action has been presented. A clearer separation between humanitarian and political objectives and players is required.

Humanitarian Aid has long been an orphan of Spanish Cooperation. In terms of funding, the Master Plan 05-08 is committed to successive increases in humanitarian aid, reaching 7 percent of humanitarian aid to all bilateral aid in 2008. In 2005, there was in fact an increase in humanitarian funding from an average of around 3 percent in earlier years to nearly 4.5 percent. This is partly due to the natural disasters that have taken place in 2005. The main change has been an increase in the share managed by the Humanitarian Department in the Cabinet of AECE, a jump from an average 8 to 12 percent in earlier years to 34 percent in 2005.<sup>77</sup> In the multilateral funding terms, Spain has been in both 2006 and 2007 amongst the top ten donors for funding to the UN Central Emergency Response Fund. Similarly, humanitarian funds managed by UNICEF and FAO were supported.<sup>78</sup>

<sup>73</sup> See for example EURODAD portal on debt sustainability: <http://www.eurodad.org/debt?id=118> and the Handbook on Debt sustainability: To Pay or To Develop, Brussels. A critical take on debt sustainability and arrears clearing is presented in EURODAD: Arrears clearance: loan laundering and creditor co-responsibility, Brussels 2006; latest developments on Debt and 'Rogue aid' in EURODAD 2007: Debt sustainability or defensive deterrence? Brussels.

<sup>74</sup> See the excellent introduction in the politics of debt and a stocktaking of actors and policy options for Spain in: Consejo de Cooperación 2006: Informe – El Cumplimiento del Principio de Coherencia de Políticas, Chp. 2 – Deuda Externa y Desarrollo, Madrid; Ministerio de Asuntos Exteriores y Cooperación 2006: "hacia los objetivos del milenio - una apuesta coherente en la lucha contra la pobreza" Cap. 2,2 deuda externa; José Antonio Sanahuja 2006: Balance y Perspectivas de un Ciclo de Reformas: La Política de Cooperación Española, De 2004 a 2006; en: Plataforma 2015 y mas: Los objetivos del Milenio: Movilización Social y Cambio de Políticas. Madrid; Daniel Gómez-Olivé 2005: ¿Una buena ley para la gestión de la deuda externa? Terrassa (Mayo 2005); Oxfam Intermon 2006: Realidad de la ayuda 2006-07 Madrid, pp 42-49; see also the analysis of the debt for education swaps: Campaña Mundial por la Educación (CME) 2006: Luces y Sombras un análisis de los canjes de deuda por educación en el marco de las Cumbres Iberoamericanas, Madrid.

<sup>75</sup> See the law published in the Boletín Oficial de Estado n. 293 de 8/12/2006: LEY 38/2006, de 7 de diciembre, reguladora de la gestión de la deuda externa; see the preliminary commitment of the Council of Ministers of 8th July 2005 here ; the debate in parliament is documented in: Diario de Sesiones nº 187, Pleno y diputación Permanente del 22 de junio 2006, pp. 9430 – 9444.

<sup>76</sup> These are in particular Iraq, Senegal, Honduras, Ghana, Nicaragua; see Oxfam Intermon 2006: Realidad de la ayuda 2006-07 Madrid, pp 43.

<sup>77</sup> Data from IECAH 2006: Informe del Observatorio de la Acción Humanitaria 2005.

<sup>78</sup> See the website of the UN Central Emergency Response Fund for more information see the INTERMON study: UN Central Emergency Response Fund – one year later [El Fondo Central para Emergencias de Naciones Unidas: un año después] Madrid 2007.

In terms of strategy, Humanitarian Aid appears in the Master Plan 05-08 as the seventh strategic priority, dubbed “Conflict Prevention and Peace Building”, which is somewhat misplaced in that it suggests a mixing of the – political – interest in pacifying countries by building institutions with the – apolitical, humanitarian – objective of saving lives. However, the current government seems to be far more careful in its separation of foreign policy goals from humanitarian intervention, and its protection of the humanitarian space. The Master Plan explicitly mentions the principles of impartiality, neutrality and non-discrimination, and the Annual Plan 2007 refers to the principles of Good Humanitarian Donorship. There has been significant arm-twisting around civil-military relations in humanitarian crises. On the one hand, the Law for National Defence was passed, with the military claiming major responsibilities for humanitarian activities:<sup>79</sup> the armed forces have even been accused of portraying themselves as an souped-up NGO in publicity campaigns. On the other hand, the Council for Development Cooperation debated the issue, and although current regulations covering the armed forces were not directly mentioned, a comprehensive framework derived from international agreements and binding codes of conduct was assembled in the expectation that it be used to demarcate leadership, responsibilities and fund allocations during a future humanitarian intervention.<sup>80</sup> On the positive side – although this is again only a statement of intent – willingness to become a partner in international quality assurance mechanisms for Humanitarian Aid is expressed in the Annual Plan 2007.

The Master Plan also promised to carry out a fundamental review of Humanitarian Aid planning instruments. However, the foreseen Humanitarian Sector Strategy and the establishment of an independent office for Humanitarian Aid within AECI have not yet been completed as of July 2007. Humanitarian activities seem somewhat out of place in the planning exercise of

the Country Strategy Papers (DEP). There is no explicit section within the DEP classification for humanitarian engagements, and the very nature of this kind of aid means it cannot be subsumed within these planning cycles. Spain’s humanitarian policy awaits a conceptual, institutional, and procedural disconnection from the development wing.

The dynamics in the funding and management of humanitarian aid have been evaluated in more detail by other sources. The most important amongst these are IECAH, INTERMON and HEGOA, in close cooperation with a number of humanitarian NGO.<sup>81</sup>

## 9. Immigration



Spain has taken on a leadership role in linking migration with development, called ‘co-desarrollo’. But the urge to control migration still flows threatens to put pressure on development cooperation.

Migration is becoming increasingly relevant to people’s economic opportunities in the South. Whereas financial markets and trade are more and more liberalised, labour mobility stops at the borders of continents. The government of Spain has made some remarkable moves on migration, some of them reactive, with a short-term perspective driven by current events and narrowly defined interest; others more laudable, with a more structural, developmental long-term perspective.

Amongst the structural initiatives, the legalisation of more than 700,000 undocumented immigrants at the beginning of the legislature stands out. For the first time, the government acknowledged with a big-bang the

<sup>79</sup> Ley Orgánica de Defensa Nacional 5/2005.

<sup>80</sup> Consejo de Cooperación 2006: Informe – El Cumplimiento del Principio de Coherencia de Políticas, Chp. 4 – La coherencia entre la ayuda humanitaria y las misiones de las fuerzas armadas, Madrid.

<sup>81</sup> IECAH publishes a yearbook on humanitarian aid : Informe del Observatorio de la Acción Humanitaria. The latest edition for 2006 was published in December 2006 [http://www.iecah.org/iecah\\_05.pdf](http://www.iecah.org/iecah_05.pdf); Intermon has published Recommendations for the sector strategy of Spanish Humanitarian Aid ; Karlos Armiño of HEGOA has published on Human Security in CIDOB Afers No 76.

reality of Spain as a recipient nation. The public body in charge – the State Secretary for Migration [SEIE] – had been moved from the Ministry of Interior to Labour and Social Affairs, reflecting a shift in focus from control towards integration. The ‘Strategic Plan for Citizenship and Integration’, presented in April 2007, lays out strategies and responsibilities, and foresees an investment of 500 million euros per year on integration.

<sup>82</sup> The SECI strives for active cooperation with the SEIE. Spain has been active in looking for an international consensus on migration, promoting conferences such as the Euro Mediterranean Conference on Migration in Rabat, the Ibero-American Encounter on Migration, and active participation within the United Nations and the European Union.<sup>83</sup> The Africa Plan – a whole-of-government declaration of intent – considers the regulation of migration to be one of its key missions, although without specifying further objectives and instruments.<sup>84</sup> Spain claims to have influenced European migration policy significantly, as well as serving as an example for other member states’ policies.<sup>85</sup>

In areas more directly linked to development, the SECI has assumed leadership in the two connected themes of migration and development and, in particular, the role of remittances in development. Co-development is the active involvement of migrant communities in rich countries in the development of their countries of origin. Spain has led the strategy of co-development within the OECD DAC, and has promoted a national

strategy aimed at harmonizing the activities of municipal, regional and state actors.<sup>86</sup> Within the International Initiative against Hunger and Poverty, comprising Brazil, Chile, France, Spain and the United Nations, the SECI has taken on the theme of remittances, and is preparing case studies in Senegal, Morocco and Ecuador.<sup>87</sup>

The above activities have a long-term focus, and intend to develop strategic answers towards increasing migration, foster multilateral consensus and devise instruments to promote integration and poverty reduction in countries of origin, while also regulating the inflow of migrants. They contrast sharply with some of the reactive, short-term interest-based policies that have been adopted by the Spanish government. As an example, the Africa Plan, which would have benefited from some maturing, was hastily published in June 2006 as a response to political pressure to tackle the crisis at the border fences of Ceuta and Melilla and the arrival of boat people at the Canary Islands.<sup>88</sup> Spain, alarmed at the effect on its domestic tourist industry, rejected an airfare tax proposed by France as an alternative financing mechanism within the International Alliance against Hunger and Poverty. But most damaging for the legitimacy and effectiveness of development cooperation has been the obvious barter between Official Development Aid and repatriation agreements, mostly with West African states. Development considerations counted little when, for example, further credits (FAD) were conceded to Senegal.<sup>89</sup>

<sup>82</sup> MTAS SEIE “El Gobierno da luz verde al Reglamento de Extranjería con mayor consenso”, press statement 20/12/2004; MTAS SEIE 2007: Strategic Plan for Citizenship and Integration [Plan Estratégico de Ciudadanía e Integración 2007-2010].

<sup>83</sup> Ministerial Euro-African Conference on Migration and Development in Rabat July 2006; Encuentro Iberoamericano sobre Migración y Desarrollo in Madrid, July 2006; The UN High Level Dialogue on International Migration and Development Sept 2006; The Euro-African Conference on Migration and Development in Tripoli in November 2006.

<sup>84</sup> See Plan África chapter III. See as well the update on the Africa Plan given to the newly inaugurated consultative body “Mesa África”: Acta de la Reunión Constitutiva de la Mesa para África (23 de abril de 2007).

<sup>85</sup> See the Commission Communication COM(2006)735 : The Global Approach to Migration one year on: Towards a comprehensive European migration policy; see Interview with Minister of Immigration Consuelo Rumí [Secretaría de Estado de Inmigración y Emigración] “La UE ha asumido la política de inmigración Española” .

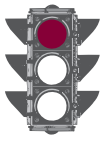
<sup>86</sup> See the Consensus document on Co-Development 2005 [Documento de Consenso sobre Codesarrollo].

<sup>87</sup> See Iniciativa contra El Hambre y la Pobreza: Informe del Grupo de Trabajo Técnico sobre Mecanismos Innovadores para Financiar la Lucha contra el Hambre y la Pobreza - Versión En Español; see Iliana Oliví 2004: La Cumbre para la Acción contra el Hambre y la Pobreza: ¿un paso más hacia el logro de los Objetivos del Milenio? ELCANO ARI N° 156, Madrid; on remittances see Rickard Sandell, Alicia Sorroza, Iliana Oliví 2007: Inmigración: ¿un desafío con oportunidades? Rear Instituto Elcano, DT N° 19/2007, Madrid.

<sup>88</sup> See El Gobierno aprueba el Plan África y pide ayuda logística a la UE para frenar la inmigración ilegal en El Mundo 19/05/2006.

<sup>89</sup> See Moratinos firma acuerdos para impulsar la inmigración legal con Guinea, Gambia y Senegal, in Vanguardia 10/10/2006; and Cinco países africanos aceptan negociar acuerdos migratorios con España tras reunirse con Moratinos, in El Mundo 25/05/2006; for an insight assessment into the coherence of Spanish policies towards Senegal, particularly the role of debt cancellation and new credit concessions, see Iliana Oliví 2007: ¿Es coherente España con el desarrollo de Senegal? [ELCANO DT N° 5/2007], Madrid.

## 10. Institutional Reform



Having focused mainly on drafting plans, the burning issue – reform of the delivery structure, most notably the agency – has been delayed.

Nearly all of the above mentioned policy areas depend on reform of aid delivery institutions, most notably the AECI. Although AECI merely implements a quarter of all ODA, its reform would be the centrepiece of more agile and strategic aid provision. The funds administered by AECI have risen from under 300m EUR in 2004 to over 760m EUR in 2007. It is widely acknowledged that, ahead of any other initiative, institutional reform should have been the priority from 2004 onwards. It has been seriously delayed. The AECI was at the heart of the DAC review diagnosis in 2002, and nearly all the criticisms are still valid.

Here are some features of the AECI and its respective challenges that need to be tackled in the new statute.<sup>90</sup>

- The Agency, rather than being one body, is an inherited conglomerate of diverse institutions that still persist with the staff and organizational culture. Some departments still seem to maintain their autonomy.
- The agency is organised according to geographical responsibilities. Although agency staff are involved in the development of sector strategies, there is no systematic concentration of expertise within AECI. As one development expert put it: “AECI field staff don’t have a phone number to call when they have questions on sector issues.” Accordingly, AECI cannot play a role as convenor for technical debates on best practice in development. The development law of 1998 assigns the role of aid management to the AECI, albeit without any effect on the powers

<sup>90</sup> The AECI has been regulated by the Development Cooperation Law in 1998, which tells the story of its institutional development; one of the few documents discussing the reform is Enrique del Olmo Garcia 2005 *El Futuro del sistema institucional de la Cooperación Española*, in: *Afers* 72 p67-83.

assigned to other bodies [“sin perjuicio de las competencias asignadas a otros Departamentos ministeriales”]. If direct interference in other government departments is neither feasible nor desirable, intellectual leadership by AECI could at least streamline all policies, including those administered by other departments or sub-national entities.

- One of the biggest hurdles is the gap between country offices and headquarters. For reasons concerning the formal status of employees, it is virtually impossible to switch between ‘the field’ and headquarters.
- In addition, there are distinctions within the staff, some of them being diplomats, others civil servants, and others state employees. There is no strategic human resource development strategy, and the attractiveness of AECI, both in terms of salaries and job advancement, is not enough to draw on, retain and develop highly qualified staff. Staff development would have been backed by a comprehensive policy on development research, and, in cooperation with universities and the leading figures in Spanish Development Studies, on academic teaching. All in all, it is reported that morale within AECI is at a low point. Partly this is due to the heavy workload imposed on the agency due to the frenetic planning process, and partly to the long-awaited organizational reform and the insecurities it has generated.
- Country office representatives (Oficinas Técnicas de Cooperación - OTC) have no delegated power, and are responsible to Spain’s embassies, staffed by diplomatic personnel with often little training in development issues. Similarly, beyond the usual remarks on “excellent coordination”, there is scant cooperation between OTC and the Export and Trade Offices [Oficina Económica y Comercial]. These latter report to the Ministry of Trade and Commerce, and aim to promote Spanish exports while administering the credit line of the FAD.
- Until now, AECI has been placed in a straightjacket of bureaucratic regulations, making it a body for the accurate administrative accounting of funds spent rather than a provider of technical services. The new legal format is expected to solve this, with debate underway on

how the financial accountability of taxpayers' money and operational flexibility can be reconciled.

In mid-2005, the government approved a law of state agencies, allowing for the application of new public management procedures such as the delegation of responsibilities, results-based management, financial autonomy, and more independent human resources management.<sup>91</sup> The institutional design plan has not been published since then, and insiders doubt that the first budget under the new regulatory framework will be implemented in this legislature. Large parts of the delay must be attributed to the complexity of negotiations. Amongst the many actors are the diplomatic service, defending its position, the Ministry of Economy, claiming financial oversight, and the Ministry for Public Administration, striving to maintain control over staffing issues and procedures. Since 2004, however, some changes have been made. A number of staff in headquarters and field have been recruited, and precarious employment conditions have been improved. Within the cabinet, an office for humanitarian aid and a task group for 'new aid instruments' have been created. Nonetheless, the announcement of the new statute has not taken place. During her first appearance in the Development Commission, Secretary of State Leire Pajín announced that reform of the Agency would be a priority. Three years later, nothing has trickled down. It is highly questionable that the government will get the statute approved on time for the AECl to be considered in the financial year 2008. As a result, the first steps towards the new organizational arrangements would have to be taken by the new government in 2008-2012.<sup>92</sup>

## 11. Division of labour



Aid effectiveness has to go beyond harmonization. Individual donors have to focus on what they do best, and do more by concentrating their activities. Europe has to act as one by dividing its labour.

In early 2007, the European Union agreed on a code of conduct that would raise the effectiveness of aid. Whilst the Paris declaration requires donors to coordinate amongst each other and align the policies and procedures of partner countries, it is not an effective answer to the increasing number of development actors in each country and the resulting administrative burden. A recent World Bank report revealed that the number of donors operating in each country had trebled since the 1960s, and reports that the average size of each project is no higher than 1.5m USD.<sup>93</sup> Therefore, the *division of labour* (DoL) approach aims to go beyond the harmonization agenda, with the objective of reducing the number of donors involved in the same kind of activity. In early 2007, the EC proposed a roadmap towards a better concentration of aid for all member states.

The challenges of the new division of labour in the EU are threefold. The demand is that countries should neither work in every sector in one country (in-country), nor in all countries (cross-country), nor in everything (cross-sector). Instead, each donor should limit sector involvement per country to two working areas, should reduce the number of partner countries and should, whilst taking into account the opinion of the recipient country, start thinking about what he or she is good at – both geographically and sector-specifically.<sup>94</sup>

<sup>91</sup> MAP 8 July 2005: El Gobierno aprueba la Ley de Agencias: Una nueva cultura de gestión de la Administración Pública; see the OECD DAC peer review of 2002.

<sup>92</sup> See the debates in the Development Commission from 21 Oct 2004 Diario de Sesiones Num 44 and 19. April 2007 Diario de Sesiones Num 808: pp 17.

<sup>93</sup> World Bank 2007: Aid Architecture: An Overview of the Main Trends in Official Development Assistance Flows, Washington.

<sup>94</sup> See Nils-Sjard Schulz 2007: La división del trabajo entre los donantes europeos.

How does Spain do? On sector basis (in-country), an examination of the country strategy papers shows a wide-ranging dispersion of sectors in many countries: on average Spanish Development Cooperation works in ten sectors per country. Spain still has to select fewer sectors to work with in each country.<sup>95</sup>

In terms of countries to work in (cross-country), the Spanish Master Plan specifies 23 priority countries (or territories), 15 special attention countries and 14 preference countries outside of Europe. In comparison with the focus on fewer countries that has occurred over the last decade in other European countries, these still appear to be far too many countries to work in. In addition, the term priority country seems somewhat unclear, since within the first ten aid recipients only five figure as priority countries, indicating a gap between planned priorities and actual funding. The Master Plan 2005-08 promises to dedicate 70 percent of all funds to priority countries. As of 2006 this had not been accomplished. (see chart below).

The table above summarizes the 30 main recipients of bilateral aid, or 70 percent of all bilateral aid.

Therefore, the seven “priority countries” (out of a total of 23) that are not among the 30 main recipients are not covered in this table. In place of these seven priority countries, there are 14 non-priority countries within the top 30. The fact that some priority countries do not get into the top 30, and that the top 30 only account for 70 percent of bilateral aid, indicates dispersion and aid fragmentation.

Further analysis of the table produces the following results: the micro-credit (FCM) and the development credit (FAD) instruments are way off declared priorities. The rest of government merely follows the priorities defined by the Master Plan. Debt cancellation and swaps do not adhere to the plan, which is understandable as these activities are coordinated internationally by the Paris Club, and Spain cannot impose the priorities of its Master Plan on this association. The AECI is shown to be highly dispersed, some of which can be attributed to the large amount (35 percent of all AECI spending) dedicated to regional programmes, in which priority countries might or might not enter. Oddly, the bodies that adhered most to the plan seem to be the autonomous regions and

Distribution of Official Development Aid to the first thirty aid recipients according to aid instruments and distinguishing between priority countries and non-priority countries ( <i>In Mill EUR</i> )									
AOD bilateral	(1) AECI	(2) FCM	(3) FAD	(4) Debt	(5) Rest Govt	(6) CCAA &EELL	(7) total AOD Bilat gross	(8) total excl debt	(9) govt excl debt
Priority	168,7	21,5	84,3	161	32,4	183,8	652	490,7	306,9
non-priority	60,1	38,3	156,1	248,4	39	82,7	624,5	376,2	293,5
AOD total	228,8	59,8	240,4	409,4	71,4	266,5	1276,5	866,9	600,4
% to priority	74% *)	36%	35%	39%	45%	69%	51%	57%	51%

Source PACIseg 2006 avance, page 35 (own calculation); key: (non) priority – bilateral gross ODA to (non) priority countries, ‘special attention countries’ are added to the non-priority countries (1) AECI – Spanish Development cooperation Agency; (2) FCM – Micro-credit Fund; (3) FAD – Development Aid Credits; (4) Debt – Debt cancellation and swaps; (5) Rest Govt – funds implemented by central government other than Ministry of Foreign Affairs; (6) CCAA&EELL – funds implemented by decentralised and municipal level; (8) total excl debt – total central and decentralised government excluding debt activities (9) govt excl debt – only central government without debt activities;  
(\* ) Comment: the percentage of funds implemented in priority countries for *all* countries of AECI is 42%; and 15 % to special attention countries, see PACI 2006 seg avance, p. 20

<sup>95</sup> For an analysis of sector concentration in DEPs see Annex 1 in: Nils-Sjard Schulz 2007: La división del trabajo entre los donantes europeos, op cit; see the discussion on how to define “sector” in Simon Maxwell’s contribution in the ODI blog.

municipalities, operating through decentralized development cooperation. One possible explanation could be that the funds controlled by the Agency and decentralised cooperation pursue developmental, long-term goals, whereas other instruments (FAD, FCM, debt) are determined by political (foreign policy and visibility), short-term criteria.

In terms of pinning down the comparative advantages of Spanish Development cooperation (cross-sector), no progress had been made either. On the contrary, a series of Spanish plans call for the adjustment of sector spending to OECD standards. For example, the Master Plan stipulates an increase in humanitarian aid up to 7 percent of ODA, the average OECD level, while the Annual Plan 2007 laments low spending on the sectors of water, sexual health and habitat, and calls for increases in order to meet OECD averages.<sup>96</sup> In terms of country presence, Spanish development cooperation has expanded its potential priority country list by moving into Africa – once again following the mainstream. Development cooperation strategy has in effect mandated the levelling of current spending patterns with the OECD average. An alternative strategy would be to concentrate on those sectors where there is already accumulated experience, or start choosing sectors in which to build comparative advantage. Why do everything?

Assuming the Code of Conduct to be a cornerstone of European development policies, these are some pending tasks for the planning and allocation of Spanish ODA funds.

- In-country: Limit sectors per country, for example to two in priority countries and one in special attention countries. This should be included as a guideline in the the preparation of DEPs and PAEs.
- Cross-country: Limit the number of priority countries. The current shift towards Africa is part of the moves towards “normalising” Spain in comparison to other donors. In contrast, Spain could build on its relation with the Middle East and Latin

America. The debate on middle-income Countries within the UN Office for Financing Development, led by Spain, is one approach. Civil Society is advised, however, to watch out for an outright political or ‘post-colonial’ agenda. Similarly, the new focus on West Africa could be driven by interests of security and migration control rather than developmental considerations. The weak point in the DoL agenda is seemingly its naivety when it comes to selection of priority countries.

- Cross-sector: Initiate a reflection on the comparative advantages of Spanish development cooperation – what are we good at? And what development model does Spanish aid want to pursue: replicating the successful experiences of Spain abroad, or starting to specialise in a few genuine Southern solutions, making use of the potential for cross-country comparison. This is best being done in collaboration with partner countries. Possible ideas could include social security, co-development, decentralization, fisheries, tourism and fiscal administration.

The preconditions for successfully tackling the challenges that will arise from further work on the DoL agenda are these:

- Division of labour and reduction of sectors has to be integrated into the planning tools for country strategies. Evaluations have to consider DoL as an element of aid effectiveness. Therefore, a clear definition of what a “sector” is has to be made. The confusion in the Master Plan on priority sectors [estrategias sectoriales] and horizontal priorities [prioridades horizontales] has to be dissolved.
- Investment in institutional and human resources capacities in both headquarter and field offices. In order to define priority sectors, country offices have to have negotiation powers. Headquarter should be able to speak with ‘Brussels’ and other agencies to work on delegated cooperation, and form part of a united approach to define European complementarities and identify the Spanish specialisation.
- A more serious and deeper dialogue with partner countries would include them in the identification of

<sup>96</sup> See the sector Directive I, pp.- 23 - 29 in the Annual Plan 2007.

Spanish strengths. This should go beyond the “comisiones mixtas”, the rather formal framework agreements.

- Spanish NGOs have to be included in the dialogue on how to achieve more aid effectiveness by dividing labour. Given the established domains, there will be public pressure to neither reduce priority countries nor sectors. Sector framework agreements [Convenios Sectoriales] are a first step towards building the particular strengths of NGOs. It will be difficult for some parts of civil society to accept that their particular affiliation will not be covered by new priorities.

Spain, in its attempt to “normalize” the system, has focused on catching up in all areas and levelling out the differences. The PACI 2007 announces the preparation of an action plan to react on and measure the achievements of the Paris Declaration. The fluid state that Spanish cooperation finds itself in is a unique opportunity to make progress in this respect. Since Paris 2005, the aid effectiveness agenda has moved on, and any plan should integrate concrete proposals for the division of labour. The Spanish Plan has to lay out a reaction to the European agenda for division of labour, outlining the steps to downsize the number of partner countries, focus more clearly on specific sectors within countries, and start reflecting on Spain’s comparative advantages. This is not to argue for a backlash against Spanish development cooperation reforms, and a move back to post-colonial relations. Spain could instead ride the wave of reform to steer its emerging institutions towards a more focused and specialised mode of delivery, leapfrogging the phases other agencies and ministries have gone through. Aid harmonization and division of labour could lead towards a Europeanization of Spanish development cooperation. This could be established by benchmarking Spanish programmes against other European practices, using instruments like joint country strategies and delegated cooperation, and striving towards a common stand in influencing multilaterals. As a result, Spain could emerge as a thematic leader in some policy areas. The debate on what these areas and counterparts could be has only just begun.

## Looking forward



The shift from aid to development, from a model of funding projects towards a model of engaging with local efforts to deepen rights, build institution and promote economic growth in developing countries, remains unfinished in Spanish government and civil society.

As this analysis of the various elements of reform illustrates, the Spanish government has made considerable efforts to catch up to the international consensus on good donorship. The claim that Spain has “normalised” its development cooperation practices is valid. Aid volume has increased, declarations on joining the mainstream of international development have become frequent and policies have been aligned with international standards. Planning has become more professional and is guided by international frameworks of poverty reduction. In some areas, Spain has even assumed a leadership role in setting the global agenda. There is an emerging attempt to base development policies on evidence, and then debate such with civil society actors. The current administration makes efforts to look beyond project aid, and integrates issues such as immigration and policy coherence. Aid allocation has increasingly focussed on poorer countries, and specific strategies for middle-income countries have been debated. Moreover, debt has been subsumed under developmental criteria.

In fact, the last three years have witnessed the biggest shift ever in Spanish development cooperation towards greater effectiveness in terms of volume, institutions and instruments. When compared to other European experiences, this rapid reform is unparalleled, and merits praise. There is indisputable political will within Spain to increase the quality of its development cooperation to a level deserving of the world’s eighth largest donor.

Looking to the challenge of how to translate these aspirations into concrete outcomes and, particularly, institutional capacities, the record is more mixed. Institutionalisation is still a weak point in Spanish development cooperation. The government should increase efforts to build the organizational strength that would enable it to continuously work towards the Millennium Development Goals of 2015, namely a 50 percent reduction of world poverty. Similarly, the actual measurement of the impact and feedback of lessons learnt should pursue greater effectiveness. Although a new strategic architecture of annual plans, country strategy papers and sector strategies has been defined, operational details and measurable objectives tend to be pushed forward to further documents. Thus, planning is menaced to get stuck at the level of intent. While a number of strategies have been prepared, mechanism to ensure that they are being implemented or followed up are still to be strengthened. The institutional structure in partner countries – the OTC – is not yet mandated or staffed to fulfil its supposedly new role of negotiating and coordinating public policies, nor is the central office in Madrid fully equipped to lead and support these processes. The culture and mechanisms of adequate learning from past experience, through evaluations, still need to be installed. As such, a gap persists between statements from Madrid and realities in field offices, departments of partner governments, and, ultimately, the conditions of the poor in the countries of the South.

Spain endeavours to be a modern donor, adhering to concepts of ‘ownership’ and ‘new aid modalities’. However, more time may yet be required for the shift in its fundamental model of providing development assistance to take hold. Large numbers of projects are still implemented through NGOs, despite the fact that Spanish NGOs – with few noteworthy exceptions – have not yet examined their comparative advantage, and the place of NGOs and that of civil society in the new aid architecture. Generally, country offices still think in terms of project implementation, and are not sufficiently prepared to engage in political dialogue over comprehensive development plans. The institutional adjustment, to improve the capacities of

the Agency to act as a bilateral donor in direct implementation, has been delayed and will be a major cultural change for the agency. Similarly, Spanish policy departments still need to be strengthened to be able to systematically cooperate with and influence multilateral channels. Against this background of the pace of these reforms, the steep increase in aid volume can even be considered problematic.

As change always generates resistance, both within the Spanish government and within civil society, there seems to be an inertia in changing the model of cooperation from a dispersed, project-based mode of micro-management – “aid!” – towards a model of political and technical dialogue on public policies in partner countries – “development!”. This would mean building institutions and working at the intersection of the state, civil society and the private sector to tip the balance towards more socially-inclusive and pro-poor outcomes. For now, much of Spanish development cooperation still bypasses domestic structures in recipient countries.

Having underlined its ethical objectives in international development, the Government has increased its own transparency when engaging with the domestic audience. This communication could be further deepened. The improvement of consultation mechanisms with informed civil society will only add to the quality of aid programming. The Government has nothing to hide regarding its development policies. To that end, the Development Council could be a showcase for the new development policy. Therefore it should depart even more from its role as an adjunct body, whose working dynamic is controlled by the government. If an independent president or vice-president would be allowed, the council could assume a more technical profile based on evidence and expertise rather than political bargain. The Council should be encouraged to release more public statements on the quality of policies and instruments. Its minutes should be publicly available. In addition, its members – at least the elected and appointed ones – should be given more visibility. The most important documents – such as the reports on coherence – should be publicly disseminated

in more dedicated manner. A web-site of the Council could help to bridge the gap between its members and the general public, as well as to go beyond Madrid and to reach further out to all Spanish provinces. For now, although the legitimacy of the Council has been enhanced by its new regulations, the agenda of work is still too exclusively defined by the SECI. Overall, relations with nongovernmental and academic sectors have improved, but a number of opportunities have been missed to engage civil society in open, transparent consultative dialogue on more technical issues.

Looking at the other side of the equation, civil society has not fully embraced its challenging role as watchdog of government policies. It has not yet tackled the politics of development, for instance the issue of coherence in Spain, and the issues of governance and building effective states in the South. The NGO sector seems more content to be included again in some policy spaces. More efforts are being dedicated to raising public funds for projects with ultimately charitable ends, rather than critically evaluating government policies and aligning to the new aid modalities. As things seem today, large parts within both NGOs and the AECI seem comfortable with the traditional activities of negotiating micro-projects, rather than getting more strategic.

Spain has the advantage that it can count on extraordinarily high public support for development cooperation. Such public support, however, often involved a rather sentimental take on development assistance. Today, new challenges of aid effectiveness, mutual accountability between donors and aid recipients, and global governance of the development cooperation regime have emerged. These changes demand a more analytical approach towards international relations and poverty reduction. Spain's development policy needs a well-informed civil society that looks critically into these issues.

To foster the growth of such civil society action, the Secretary of State for International Cooperation has both to provide timely and adequate information. It also must open more spaces for consultation in order

to engage and commit civil society organizations, and free their creative and investigative capacities that all too often get stuck heading down the dead-end roads of project micro-management, old-fashioned aid niches, or knee-jerk, systemic opposition. By playing the ball within the triangle of state officials, academics and civil society, the intellectual muscles of all will get trained. International development is an area where this is ever more important.

A reform-minded government allied with civil society, dedicated to 'end poverty now', could lock in commitments towards the world's poor and make them an indisputable part of sustainable state policy – whomever governs. To do this, development cooperation has to be pushed into the limelight, both in terms of quantity – insisting on the 0.7 percent commitment – and quality – searching for the most effective and legitimate channels for international cooperation, be they NGOs, AECI, multilateral partners or others. Overall, the Spanish government has made significant steps towards increasing aid volume, cautious but dedicated advances towards improving aid effectiveness, and has returned to the international fold of mainstream development policy. While political will and declarations concerning pro-poor, inclusive policies and multilateral instruments are essential, the technical side of translating these aspirations into outcomes remains a challenge for Madrid. Now, more effort should be put into reforming the hardware of delivery. Additionally, more open involvement by civil society will kick-start Spain's development sector into a virtuous circle, encouraging the NGO sector to look at the bigger picture, and pushing the administration towards effective donorship. As things look now, these tasks – reforming institutions, finding Spain's comparative strengths, and engaging more professionally with civil society – are challenges that cannot wait to be confronted.

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Since 2004, Spanish development cooperation has undergone rapid reform. Spain has increased development funding in an unprecedented manner. Based on the 2004 Government plans, this report documents the results three years later. It starts by describing the current shifts in international development policy, and shows that Spain has moved decisively towards the mainstream in development policy. The reports then ranks ten policy areas using a traffic light system. Progress has been made in planning, building connections with the Spanish public, implementing a poverty-reduction focus in the handling of debt, and in international by leadership in linking migration and development. Yet, perhaps the most pressing task – the reform of aid delivery institutions – has been tackled too hesitantly. Against this background, the report puts forward a number of recommendations. In general, it calls on the Government to move towards more measurable and operational planning. Furthermore, Spain is urged to consider its comparative advantages and its position within a complementary European development cooperation system based on the division of labour. Moreover, the report stresses the need for a more open and consultative approach towards policy development. To that end, the Development Council and the Parliamentary Commission should become the centrepieces for a strategic engagement with civil society and academia.

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